<table>
<thead>
<tr>
<th></th>
<th>FY2022</th>
<th>FY2021</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$1,492M</td>
<td>$902M</td>
<td>$604M</td>
</tr>
<tr>
<td></td>
<td>65% Y/Y growth</td>
<td>49% Y/Y growth</td>
<td>-61% Y/Y growth</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>$20M</td>
<td>$(148)M</td>
<td>$(289)M</td>
</tr>
<tr>
<td></td>
<td>1% margin</td>
<td>-16% margin</td>
<td>-48% margin</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA (1)</strong></td>
<td>$295M</td>
<td>$100M</td>
<td>$(51)M</td>
</tr>
<tr>
<td></td>
<td>20% margin</td>
<td>11% margin</td>
<td>-8% margin</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q4 2022</th>
<th>Q4 2021</th>
<th>Q4 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>$354M</td>
<td>$241M</td>
<td>$116M</td>
</tr>
<tr>
<td></td>
<td>47% Y/Y</td>
<td>108% Y/Y</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income / (Loss)</strong></td>
<td>$(3)M</td>
<td>$(29)M</td>
<td>$(73)M</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA (1)</strong></td>
<td>$43M</td>
<td>$29M</td>
<td>$(33)M</td>
</tr>
</tbody>
</table>

(1) Consolidated adjusted EBITDA is a non-GAAP profit measure and is defined as net income (loss) plus: (1) provision (benefit) for income taxes; (2) other income (expense), net; (3) depreciation and amortization; (4) stock-based compensation and other stock-settled obligations; (5) goodwill, long-lived asset, and intangible asset impairments; (6) legal reserves and settlements; (7) restructuring and other related reorganization costs; and (8) non-recurring expenses and income. See “Use of Non-GAAP Financial Measures.”
Letter to Shareholders

We were pleased to see robust activity in the travel industry in 2022, especially in light of the macro uncertainty throughout much of the year. Our teams also executed well, exceeding expectations we set out at the start of the year. Total consolidated revenue in fiscal 2022 reached nearly $1.5 billion or 96% of 2019 levels, and exited the fourth quarter at 106% of 2019 levels. This performance was led in large part by Viator executing against strong demand in experiences throughout the year as well as solid performance in our hotel meta offering within our Tripadvisor Core segment.

Tripadvisor Group sits at a unique intersection between travelers and partners, in a large and growing industry, and one that has demonstrated resilience, as our performance in 2022 demonstrates. Our vision is to be the world’s most trusted source for travel and experiences, and connect people to experiences worth sharing through our Tripadvisor, Viator, TheFork, and other brands. As we think about 2023 and beyond, we’re focused on driving distinct value creation strategies for each of our segments while bringing overall value to the group as we benefit from shared data, global scale in technology and talent.

At Viator, where we have built a strong position in the large and growing online experiences category, we are focused on driving growth and capturing market share while also strengthening lifetime value economics through increased direct traffic and higher customer repeat rates. We are investing in greater awareness and developing products and programs that connect our 50,000+ operators with millions of travelers. We are excited about this high-growth secular market, still in the early stages of moving from off-line to on-line.

At TheFork, in 2023, the team continues to execute on its strategic plans to extend its leadership position in the European restaurants marketplace. We believe we can continue to expand our base of 55,000+ bookable restaurants and connect them to millions of diners we reach through our app. In 2023, TheFork will look to drive solid revenue growth while driving improving margins, particularly in the back-half of the year.

Finally, in Tripadvisor Core, our long-term strategy is grounded in deeper traveler engagement, enabled by better products and stronger execution. We will build on our heritage and powerful assets - including our brand, content, and community - to deliver more value to travelers and help them make the best decisions along their journey. We will pursue an integrated and reinforcing set of strategic priorities, and we will leverage our data to deliver a more personalized experience for travelers that unlocks more opportunities for monetization with our partners, whether through hotel meta, media, or emerging marketplaces across multiple categories. In 2023, we will focus on the areas of this strategy where we have the most conviction, better organizing how we operate in order to execute more effectively.

Across our portfolio, our 2023 plan balances future aspirations with reasonable and responsible near-term targets. In executing our strategic initiatives, we will take a pragmatic approach, reallocating resources and sequencing investments appropriately. We look forward to sharing more details with you on our conference call tomorrow morning.
Full Year 2022 and Fourth Quarter Consolidated Financial Results

Full year revenue increased to nearly $1.5 billion, reflecting year over year growth of 65% and reaching 96% of 2019 levels. As a reminder, revenue for the full year 2019 included nearly $50 million related to businesses since divested, SmarterTravel and China (“divested businesses”), which was a headwind of approximately 3% in the fiscal 2022 compared to 2019 levels.

Across our segments, we saw significant improvements in recovery, and exceeded our expectations for the year. Our outperformance was led by our experiences offering at both Viator and Tripadvisor Core, as well as hotel meta, despite some currency and macro headwinds we saw throughout the year.

Net income for the full year 2022 was $20 million, or 1% of revenue, as compared to a net loss of $148 million in fiscal 2021, or -16% of revenue.

Adjusted EBITDA for the full year 2022 was $295 million, or 20% of revenue as compared to adjusted EBITDA of $100 million in fiscal 2021, or 11% of revenue.

Growth in net income and adjusted EBITDA was driven primarily by higher revenue recovery and slower fixed cost growth, which more than offset the year over year increases in variable marketing spend.

Quarterly consolidated revenue in Q4 2022 exceeded expectations that we communicated in early November. Total revenue was $354 million, representing year over year growth of 47%, and reaching 106% of 2019 levels.

In Q4 2022, net loss was $3 million, or -1% of revenue, an improvement from a net loss of $29 million, or -12%, in Q4 2021.

In Q4 2022, adjusted EBITDA was $43 million, or 12% of revenue, as compared to adjusted EBITDA of $29 million, or 12% of revenue, in the same period a year ago. Adjusted EBITDA in Q4 and for the full year excludes the impact of an approximate $8 million loss related to a fraud scheme resulting in payment of refunds to an external party for
subscription products within our Tripadvisor Core segment. The Company considers such costs to be non-recurring in nature, and was excluded from adjusted EBITDA. We are currently in the process of seeking to recover funds, the impact of which we expect to also exclude from adjusted EBITDA in the period of recovery, if any.

We exited the year with strong liquidity. As of December 31, 2022, we had approximately $1.0 billion in cash and cash equivalents.
Tripadvisor Core Segment

Included in this segment is revenue from our Tripadvisor branded hotels, Tripadvisor branded display and platform, Tripadvisor experiences and dining revenue, and other revenue derived from adjacent offerings, including rentals, flights and cars, and cruise, including some non-Tripadvisor branded revenue in our cruise and rentals offerings.

Fiscal 2022 was a year of significant recovery in our Tripadvisor Core segment. Our results reflect our strong brand and the value of our offerings as travel demand returned.

Tripadvisor Core revenue for full year 2022 was $966 million, reflecting year over year growth of 45%, reaching 79% of 2019 levels. Revenue in 2019 included nearly $50 million, or 4% of Tripadvisor Core segment revenue, related to since divested SmarterTravel and China businesses, which did not contribute to revenue in 2022.

Adjusted EBITDA in the Tripadvisor Core segment for fiscal 2022 was $345 million, or 36% of revenue. Year over year, margin increased by 900 basis points, driven primarily by an increase in revenue, and fixed and discretionary cost leverage, which more than offset the slight increases in variable costs as a percent of revenue relative to last year. The increase in variable costs as a percent of revenue is a result of factors such as increased spend in traffic related to experiences growth and traffic mix in hotel meta, as well as the revenue recovery lag in other businesses.

Turning to Q4 2022, following typical seasonality, revenue stepped down sequentially to $217 million, reflecting year over year growth of 34% and reaching 85% of 2019 levels. Revenue in Q4 2019 included nearly $10 million related to our divested SmarterTravel and China businesses, or 4% of Tripadvisor Core segment revenue in that period.

In Q4 2022, adjusted EBITDA in Tripadvisor Core was $61 million, or 28% of revenue. The sequential step down was due primarily to revenue seasonality, which offset the lower variable costs as a percent of revenue in Q4 relative to Q3.

As noted above, Q4 2022 Tripadvisor Core adjusted EBITDA excludes the impact of a fraud scheme by an external party, which resulted in a loss of approximately $8 million during Q4 2022.
Tripadvisor Branded Hotels
For the full year 2022, Tripadvisor branded hotels revenue, which includes our hotel meta and B2B offerings, was $650 million, reflecting year over year growth of 44% and reaching 83% of 2019 levels.

Within Tripadvisor branded hotels, hotel meta revenue reached 85% of 2019 levels for the year. Hotel meta recovery was depressed in Q1 2022 due to continued Omicron-related uncertainties as well as a tougher compare to Q1 2019. However, starting in Q2 2022, the pick up in recovery was strong and, from April 2022 to year end, hotel meta was approximately 95% of 2019 levels. Geographically, we saw the strongest recovery in the U.S., where hotel meta revenue reached parity with 2019 for the full year 2022. Rest-of-world lagged both the U.S and Europe for the year, but generally saw sequential improvements each quarter of the year.

Our B2B revenue stream was 76% of 2019 levels in 2022. The recovery rate in our hotel B2B offering improved each subsequent quarter of the year. While still lagging hotel meta recovery, we are pleased with the progress in the year. In 2022 we began to improve productivity, which has contributed to this lag, and we also believe the continued slower recovery of the hotel marketing and advertising spend market in general has also contributed.

In Q4 2022, Tripadvisor branded hotels revenue was $140 million, reflecting year over year growth of 36% and reaching 90% of 2019 levels, led by hotel meta recovery. Within hotel meta in Q4 2022, we saw regional differences in recovery rates. U.S. recovery remained strong, exceeding 100% recovery versus Q4 2019 in the quarter, while European recovery rates slowed from last quarter and rest-of-world improved over last quarter, though remains below the U.S. and European regions in terms of recovery.

Display & Platform
Display & Platform revenue for the full year was $130 million, reflecting 33% year over year growth and reaching 81% of 2019 levels. Revenue in Q4 2022 was $33 million, reflecting 14% year over year growth and increasing sequentially to 85% of 2019 levels. This year, we saw strong recovery rates from destination marketing organization (DMO) partners as
travel returned, while other categories were slower to return to pre-pandemic levels. We continue to believe that our brand and reach provide opportunities for both endemic and non-endemic partners.

**Tripadvisor Experiences & Dining**

Full year 2022 revenue in our Tripadvisor point-of-sale (POS) experiences and dining was $134 million, which reflected year over year growth of 91%, and reached 115% of 2019 levels. In Q4 2022, revenue was $34 million, reflecting year over year growth of 70% and reaching 113% of 2019 levels.

Our strong performance in this revenue stream for both the year and Q4 was driven primarily by performance in our experiences offering. In addition to a focus on customer acquisition, this year we made improvements to drive adoption—in user experience across mobile web and desktop, in addition to efforts to drive more traffic. This performance offset the lag in recovery in our B2B restaurants offering.

**Other**

Revenue for the full year 2022 from Other offerings, which includes cruises, alternative accommodation rentals, flights, and car rentals, was $52 million, reflecting growth of 13% year over year. For the full year 2022, Other revenue was 31% of 2019 levels as reported, with the divested businesses of SmarterTravel and China contributing to an approximately 13% headwind against the recovery rate in this revenue stream. In addition, primarily due to our decision to de-emphasize car rentals, alternative accommodation rentals, and flights in comparison to allocated investment spend in 2019, revenue was approximately $65 million lower in 2022.

In Q4 2022, Other revenue was $10 million, reflecting flat year over year growth, and reaching 31% of 2019 levels. In Q4 2019, nearly $10 million in revenue came from the SmarterTravel and China businesses, or 31% of Q4 2019 revenue.

Within the Other category, the strongest performer was in cruises, which saw sequential improvements to recovery throughout the year, and exited Q4 2022 at close to 2019 levels. Although performance in this business is a small part
of Tripadvisor Core, we are pleased to see the strong rebound in the overall cruise industry.

**In 2023, in our Tripadvisor Core segment,** we are excited about the opportunities to deliver more value to our customers. We will be focused on operational alignment and execution as we move toward longer-term improvements in engagement. In both hotel meta and experiences, we will focus on enhancing experience. In our media offering, our 2023 focus will be on continuing to diversify our offering, both in terms of the partners we serve and the products that we offer. In our B2B offerings, our focus will be on productivity as we increase our efficiency and align our efforts to our highest value opportunities. In addition, our focus will be on building out shared capabilities to better leverage our data and technology for future sustainable growth for the portfolio.
Viator Segment

*Included in this segment is revenue generated from the booking of tours, attractions, and activities transacted through the Viator point of sale, as well as revenue generated from other distribution partners, such as the Tripadvisor point of sale and third party points of sale.*

We are pleased with our results in our Viator segment. The team delivered results that exceeded our expectations for both revenue and gross bookings value (GBV). We believe that the performance throughout the fiscal year reflects both the large opportunity in the experiences category and the significant value we provide to travelers and operators in the marketplace.

In 2022 we leaned into market share gains, driving strong year over year growth. At the same time, we saw meaningful improvements in adjusted EBITDA, reflecting the benefits of scale and balanced investment in growth and market share gains.

**Full year 2022 revenue** in the Viator segment was $493 million, representing year over year growth of 168%, and was 171% of 2019 levels. GBV for the full year 2022 was approximately $2.7 billion and grew approximately 140% year over year. As a reminder, GBV is reported at the time of booking and is gross of cancellations, whereas revenue from these transactions is recorded at the time of the experience, and is net of cancellations.

**Revenue in Q4 2022** was $127 million, growing 115% year over year and was 208% of 2019 levels. In Q4 2022, GBV was over $600 million, reflecting year over year growth of approximately 95% and reaching approximately 220% of 2019 levels.

Our marketing efforts drove increases in traffic, while conversion rates improved year over year. In particular, we are seeing improving conversion in app and mobile web, which we believe is reflective of our product improvements. Bookings volume growth, in both new and repeat customers, was a key driver of Viator’s strong performance. Cancellation rates also improved slightly from last year, though additional payment options we have introduced, which provides customers the flexibility to make payments closer to the experience date, can drive higher cancellation rates.
Geographically, improvements in international travel recovery were also clear in our bookings data, particularly as North Americans began traveling internationally again. Bookings related to European and North American destinations were well above 2019 levels in both geographies.

Adjusted EBITDA loss for full year 2022 was $11 million, or -2% of revenue, a significant improvement over adjusted EBITDA loss of $31 million in full year 2021 and -17% of revenue. The improvements were driven by revenue growth and slightly lower variable cost growth, as well as containment of headcount costs, despite increases in discretionary marketing investment. Adjusted EBITDA loss in Q4 2022 was $3 million, or -2% of revenue, reflecting improvement from the same period last year.

**In 2023** we will remain focused on continuing to grow market share—acquiring new customers, and with a sharp focus on improving unit economics. We've seen improvements in repeat customer activity with new customers in recent cohorts repeating at higher rates than in the past. Repeat customers tend to come back to us through less expensive demand channels and are an important driver of future profitability. We believe that driving more direct activity is an important component as we look to improve economics even further and improve lifetime value. As such, we expect to continue to invest in marketing, with an eye on rebalancing our investment mix to allocate more to upper and middle funnel marketing channels including brand and channel expansion. We believe this will drive improvements longer-term in engagement, growth and profit.
TheFork Segment

Included in this segment is revenue generated from the booking of reservations through TheFork point of sale, which includes revenue generated primarily by restaurant seating fees via our online reservation system.

Fiscal 2022 was a year of continued improvement at TheFork, exceeding pre-pandemic rates on a constant currency basis. Despite significant currency impact for much of the year, and against the backdrop of a restaurant environment still in recovery, TheFork revenue reached 99% of 2019 levels in 2022, or $126 million and grew 48% year over year. For the year, we estimate currency headwinds impacted revenue growth by approximately 19% and recovery to 2019 levels by approximately 6 points. With its revenue primarily European-based, TheFork segment is particularly exposed to the significant currency movements we’ve seen both year over year and compared to 2019.

In Q4 2022, revenue was $33 million, reflecting year over year growth of 10%, and reaching 94% of 2019 levels. For the quarter, we estimate currency headwinds impacted revenue growth by approximately 16 percentage points and recovery to 2019 levels by approximately 9 percentage points.

For the year, the number of bookings at TheFork grew 50% year over year, and reached approximately 106% of 2019 levels. In Q4 2022, year over year bookings grew 10% and reached 96% of 2019 levels. As a percent of 2019 levels, we attribute the sequential step down in bookings to external factors in Europe.

Adjusted EBITDA loss for 2022 was $39 million, or ~31% of revenue, and in Q4 2022 adjusted EBITDA loss was $15 million, or ~45% of revenue. Fixed and discretionary cost increases drove the year over year increase in losses on both an annual and quarterly basis. As a reminder, we spent more on brand marketing in 2022 than in 2019 to regain awareness levels coming out of the pandemic. Further, we also implemented a number of technology infrastructure projects, aimed at improving revenue generation in 2023 and beyond.

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1 Euromonitor, September 2022
In 2023, our focus will be on both growing our restaurant base and our diner base. For restaurateurs, we believe we are providing more value with products such as TheFork Pay, and testing different pricing options. For diners, we remain focused on driving awareness and user experience through our app. Importantly, in 2023 we expect to see significant improvements in profitability, driven by fixed and discretionary cost leverage and an increase in media efficiency.

![TheFork Full Year Adjusted EBITDA ($M)](image1)

![TheFork Quarterly Adjusted EBITDA ($M)](image2)
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.)

Our fiscal 2023 outlook assumes no change in the macro environment, which remains uncertain, yet also assumes resilient travel demand. At this time, for the full year in 2023, we expect:

- Consolidated adjusted EBITDA margin to remain flat year-over-year, which assumes approximately flat year-over-year margins in Tripadvisor Core.
- Full year consolidated revenue growth that reflects the diverse growth profiles across our portfolio, and is consistent with broader travel growth trends.

Additionally, in the first quarter of 2023, as part of the IRS audit of Expedia, we received and accepted a closing notice related to transfer pricing for the years 2009 through 2011. We disclosed a potential exposure in our prior filings based on prior communications with the IRS. As a result of the acceptance of the closing notice, we will record an incremental income tax expense as a discrete item, inclusive of interest, in an estimated range of $25 million to $35 million during the first quarter of 2023. This income tax adjustment will not impact adjusted EBITDA. From a cash flow perspective, a net cash outflow of approximately $70 – $80 million is expected during 2023, related to the closing of this audit. We are currently reviewing the impact of this settlement to our remaining transfer pricing income tax reserves for subsequent tax years. Based on this new information received subsequent to year end, future adjustments to income tax expense may occur, which could be material to our financials.

We begin the year excited about the opportunities ahead of us—in particular, the coalescence of our long-term objectives, rooted in our near-term 2023 operating plan, and a travel industry that we believe will continue to drive opportunities. We look forward to discussing more about our results tomorrow morning, Wednesday, February 15, 2023 at 8:30 am Eastern Time.

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Earnings Webcast

Tripadvisor management will host a conference call to discuss results as well as forward-looking information at 8:30 a.m. ET on February 15, 2023. The link to the live webcast, as well as the audio replay, will be made available on Tripadvisor’s Investor Relations website at http://ir.tripadvisor.com.

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ir@tripadvisor.com

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northamericapr@tripadvisor.com
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 consolidated adjusted EBITDA), consolidated adjusted EBITDA margin, free cash flow, 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 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 earnings 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 14, 2023, 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.

Key Business Metrics & Definitions

We review a number of metrics, including, but not limited to, average monthly unique users, gross booking value for experiences, seated diners, dining bookings, 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, for example, the calculations of our unique 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.

Variable expense primarily includes costs related to revenue generation, as well as traffic generation costs.

Fixed & discretionary expense primarily includes all other expenses such as compensation costs (including outsourced services), broadcast advertising, G&A and other discretionary costs, not including depreciation, amortization, restructuring and other related reorganization costs, stock-based compensation, legal reserves and settlements, non-recurring expenses and income, interest expense, or income taxes.

Tripadvisor, the world’s largest travel guidance platform*, helps hundreds of millions of people each month** become better travelers, from planning to booking to taking a trip. Travelers across
the globe use the Tripadvisor site and app to discover where to stay, what to do and where to eat based on guidance from those who have been there before. With more than 1 billion reviews and opinions of nearly 8 million businesses, travelers turn to Tripadvisor to find deals on accommodations, book experiences, reserve tables at delicious restaurants and discover great places nearby. As a travel guidance company available in 43 markets and 22 languages, Tripadvisor makes planning easy no matter the trip type. The subsidiaries of Tripadvisor, Inc. (Nasdaq: TRIP), own and operate a portfolio of travel media brands and businesses, operating under various websites and apps.

*Source: SimilarWeb, unique users de-duplicated monthly, January 2023

**Source: Tripadvisor internal log files
15-Feb-2023

TripAdvisor, Inc. (TRIP)

Q4 2022 Earnings Call
CORPORATE PARTICIPANTS

Angela White  
Vice President, Investor Relations, TripAdvisor, Inc.

Matthew A. Goldberg  
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Michael Noonan  
Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.

OTHER PARTICIPANTS

Stephen Ju  
Analyst, Credit Suisse Securities (USA) LLC

Richard J. Clarke  
Analyst, Bernstein Autonomous LLP

Jed Kelly  
Analyst, Oppenheimer & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good day, and thank you for standing by. Welcome to the Tripadvisor Fourth Quarter 2022 Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

And I would now like to hand the conference over to your speaker today, Ms. Angela White, VP of Investor Relations. Ms. White, please go ahead.

Angela White  
Vice President, Investor Relations, TripAdvisor, Inc.

Thank you, Chris, and good morning, everyone. Welcome to Tripadvisor’s fourth quarter and full year 2022 financial results call. Joining me today are: Matt Goldberg, President and CEO; and Mike Noonan, CFO.

Last night after market close, we distributed and filed our earnings release and made available our Shareholder Letter on our Investor Relations website. In the release, you’ll find reconciliations of non-GAAP financial measures to the most comparable GAAP financial measure discussed on this call. Also, on our Investor Relations website, you’ll find supplemental financial information, which also 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 forward estimates – may contain estimates and other forward-looking statements that represent management's views as of today, February 15, 2023. Tripadvisor disclaims any obligation to update these statements to reflect futures 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 turn the call over to Matt.

Matthew A. Goldberg  
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Thank you, Angela, and good morning to everyone joining the call. We’re pleased with our Q4 and full year performance, a combination of the travel industry recovery as a whole, our position in the travel ecosystem and solid execution by our teams. As we said in the Shareholder Letter we published last night, we saw a strong recovery with 65% consolidated revenue growth relative to 2021, reaching nearly 96% of 2019 revenue for the full year and exiting the year at 106% of 2019 levels in the fourth quarter.

We also expanded margins year-over-year in 2022, balancing investment in future profitable growth with prudent cost management across the portfolio. This performance is strong overall relative to our expectations, but we still face mixed recovery and margin pressure in parts of our portfolio, in particular, in our TripAdvisor Core segment, which we intend to address head on. I will come back to that shortly.

But first, let’s start with Viator, where the team continued to drive accelerated growth in 2022, delivering record revenue and scale, with gross bookings value of approximately $2.7 billion or 186% of 2019 levels. We compete in a large, highly fragmented and underpenetrated experiences market, which is estimated to grow to more than $275 billion by 2025. We consider this market highly attractive, given that approximately 70% is still offline, but has consistently moved more online each year, with tailwinds from the secular shifts in consumer spending preferences away from physical goods in favor of experiences.

We're well positioned to take advantage of these secular trends. And our team is doing this through focus, execution and strategic investments, which are paying off. We served a record number of both first time and repeat customers in 2022, and we're improving conversion across mobile web and app, which, in the year, accounted for more than 50% of bookings volume.

Viator's tour operator partners are receiving more value than ever before, thanks to our growing demand footprint and new product features that allow them to drive extra visibility on our platform.

We were also pleased with the balance between aggressively growing our market share while making year-over-year improvements in profitability, which highlights the potential to achieve further operating leverage in the business.

Next, at TheFork, revenue reached $126 million in 2022, growing 48% year-over-year and reaching 99% of 2019 levels. On a constant currency basis, this result exceeded 2019 levels, after considering estimated currency headwinds of approximately 6 points. For reference, the overall European restaurants market is still approximately 14% below 2019.

The strength of our two-sided marketplace is evidenced on both the diner side and the restaurant side. While the number of bookable restaurants have not yet fully recovered to 2019 levels, total bookings on our platform reached 106% of 2019 levels with sustained performance in diner monetization.

TheFork continues to represent a meaningful source of demand for its restaurant partners, connecting them to millions of diners through our app and driving repeat visits over time. Direct bookings from repeat customers on TheFork's platform drove more than 75% of total bookings in 2022. Our result reflects the team's increased focus on key markets, particularly those in Europe, where we've established scale and have confidence we can win.
Finally, in our Tripadvisor Core segment, we saw a positive trajectory with revenue of $966 million, growing 45% year-over-year and reaching 79% of 2019 levels. Prudent cost management contributed to year-over-year expansion of adjusted EBITDA margin to 36% in 2022 from 27% in the prior year. And while we're pleased with the recovery of our experiences and our hotel meta offerings in the US, both of which have fully recovered to 2019 levels as travel has returned, we're not satisfied with the pace of our overall recovery for the segment, including the slower recovery in our media and B2B offerings. Although some of this mirrors the cyclical impact of marketing and advertising budgets, it also reflects ongoing factors that you all understand clearly, upstream competition, heightened traveler expectations, shifting advertising budgets and our own focus and execution challenges to keep pace with the evolving market.

The last point highlights the need to chart a durable path forward for growth and profitability in Tripadvisor Core and provides a good transition to our long-term value creation strategies and specific priorities for 2023. Tripadvisor Group represents a family of brands with a unique position in our industry that addresses attractive markets across travel and experiences, digital advertising and emerging marketplaces across multiple categories.

We attract a large global audience who trust our platforms for information, guidance and recommendations when they're making important decisions throughout their travel journey. We have access to a wealth of high intent data to drive value for travelers and our partners, whether looking for inspiration, planning a trip, considering the next experience or making it happen.

Across the group, we're united by a common vision to be the world's most trusted source for travel and experiences, with each segment uniquely serving this vision and reinforcing each other. But we pursue different value creation strategies for each segment, managing priorities and levels of investment appropriately, given the stages of growth, market opportunities and our competitive positioning.

At Viator, we will invest in growth in 2023 to accelerate our leadership position. This means driving awareness and market share and investing in enhancing our app experience and features for our partners, which we believe will result in greater direct repeat behavior. We expect this to strengthen lifetime value economics, which will extend our market leadership and contribute to longer-term sustainable profitability.

At TheFork, we plan to leverage our investments of the past few years to deliver strong growth in 2023, while targeting significant improvement in margins. This means continuing to grow both our restaurant and diner base in our priority markets by offering innovative tools and features on our platform and through continued awareness of our brand.

This brings us to an area where I've spent much of my time since joining Tripadvisor Group, aligning the Tripadvisor Core segment around a clear long-term strategy and specific priorities for 2023.

The Tripadvisor Core segment plays an important role in our portfolio. Over the past 20-plus years, we've built some powerful assets, a trusted brand, authentic content, a large community of contributors and one of the largest global travel audiences available anywhere. And we've created a portfolio of offerings that provide value for both travelers and partners. However, it is apparent that as traveler needs and our competitive landscape continue to evolve, our business faces known headwinds.

Our leadership team has been working intensively to conduct a robust and objective review of our performance and trajectory and develop a plan to respond. We have immersed ourselves in a rich data-driven fact base to deeply understand today's travelers and how we can best meet their needs. We set out specifically to put the traveler first, address both opportunities and challenges and drive steady, profitable growth.
Delivering this outcome is not contingent on a speculative bet, a silver bullet or a risky agenda. Instead, we have high conviction in a strategy grounded in deeper traveler engagement, enabled by better products and stronger execution. This builds on our heritage and the reasons travelers come to us in the first place.

Let me articulate the crux of our strategy. First, we will innovate around world-class guidance products to help travelers make decisions in a world where it's hard to find advice you can trust. It all starts with differentiated content that gives travelers a compelling reason to come to us directly. We have an enduring foundation with our reviews, forums and other community contributions. We will focus on new immersive formats with fresh authentic perspectives, like itineraries, guides and collections, that we can create and curate with technology and data at a global scale.

We will deliver this content through essential trip planning tools that are more useful to travelers than anything else offered today. This includes both pre-trip planning, when travelers are building the perfect itinerary, as well as in destination, when travelers are making immediate decisions about what to do next.

As we evolve our product experience, we will take a mobile-first approach. Today, the mobile experience is relatively undifferentiated versus the desktop site. We can enhance our mobile web experience and give travelers more reasons to download and return to our app.

Second, we will prioritize deeper engagement with travelers, meeting their decision-making needs in a more personalized way. Today, our model is optimized around attracting high volumes of traffic, bouncing on and off our platform to verify their travel choices as part of the travel planning process. We will continue to fine-tune that, but we also have a significant opportunity to do a better job addressing the needs of the majority of our audience, giving them better reasons to engage more deeply and creating even more value for all our partners. This must begin with data and taking full advantage of everything we know about travelers to serve them in a more relevant, curated and contextual way.

As we develop a more persistent relationship with travelers, we’ll be able to offer a clearer path to become a member of our community and earn their loyalty. We see a unique opportunity to recognize and reward travelers for their engagement. And while we will continue to experiment with our paid membership tier, Tripadvisor Plus, we think strengthening the value proposition of a free membership program is the right place to start.

Third, we will drive a step change in the value we can deliver to our partners. This engagement model will enable us to accelerate and diversify the monetization of our valuable audience, whether through hotel meta, media advertising solutions or emerging marketplaces across valuable travel categories, starting with experiences.

To be clear, we will continue to reinforce our position in hotel meta, having a more engaged audience with better data and clearer signals of intent, helps us deliver more high-quality traffic to our OTA and hotel partners.

We will also focus on two other immediate monetization pads, where this strategy can fuel meaningful growth. The first is experiences. We’re just beginning to scratch the surface of introducing bookable experiences to our vast audience, and we’re going to continue to work to accelerate this opportunity. As we continue to scale the experiences category, we can extend our learnings to other categories, where matching supply and demand is valuable for both travelers and our partners.

The second is media. We have an opportunity to expand our value proposition with brands, both in travel-related and non-endemic categories, to engage our audiences in a contextually relevant manner that is additive to the
consumer experience. We can increase the value of our audiences by delivering new ad products and leveraging our data more effectively to improve audience targeting for purchase intent, relevance and attribution.

Taken together, these strategic priorities are integrated and reinforcing, powered by first-party data and signals of intent. With each interaction, we can serve travelers better. An increasingly personalized experience delivers more relevance, greater engagement and more opportunities for monetization.

Now, we won't do it all at once. We're going to focus in 2023 on areas where we have the most conviction and iterate our way towards this North Star. A balanced approach to sequencing reflects our commitment to an attractive financial profile. Our plan will enable us to drive margin expansion over the next several years and grow revenue for the long term. We believe this approach is the optimal value creation strategy for Tripadvisor Core and it also fuels our ability to continue to invest in experiences, and Viator in particular, while preserving the flexibility to pursue inorganic opportunities in our broader portfolio.

We know delivering on this plan requires focused execution. Value will be delivered by making it happen in practice. And we recognize that our past execution has not always delivered on our aspirations. So we're changing how we're organized and the way we operate in order to execute more effectively.

We've introduced an updated operating model that balances the autonomy and empowerment of P&L ownership with strong functional alignment and collaboration. We've added critical new leadership roles and aligned our teams around product, marketing, technology and data, sales and operations. This breaks down silos. And already, we're seeing improved efficiency and productivity and increased capacity in areas like engineering to reallocate resources to our top strategic priorities.

We are also executing on a roadmap to enhance our core data and technology capabilities to provide the foundation for engagement-led product experience. And we've already gotten started, putting in place a new customer data platform, which will provide a single view of our customers and the ability to leverage data across all of Tripadvisor Group.

When I think about this strategy, the distillation of our path forward, I can't underscore enough the opportunity we see ahead. We believe that we are best positioned of anyone in our ecosystem to help travelers make decisions in a world where it's hard to find advice you can trust. We're excited about our strategy for Tripadvisor Core and the future of Tripadvisor Group.

With that, I'll turn the call over to Mike.

Michael Noonan
Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.

Thanks, Matt, and good morning, everyone. I will review the results of the fourth quarter, briefly cover our performance for the full year and provide some color on the trends for the first quarter and thoughts on 2023.

In summary, we had a strong fourth quarter and full year. We exceeded expectations in Q4 with consolidated revenue of $354 million, reflecting year-over-year growth of 47% and reaching 106% of 2019 levels. Recovery rates versus 2019 for our reportable segments, Tripadvisor Core, Viator and TheFork, were 85%, 208% and 94%, respectively.

Let me dive into some top line highlights from Q4 for each of the segments. At Tripadvisor Core, we saw better than expected performance in the quarter as revenue reached 85% of 2019 levels, which is a modest step back
from third quarter's result of 88%. Our overall branded hotel revenue was 90% of 2019 levels compared to 95% in Q3.

Hotel meta revenue recovered to 93% as we saw consistent performance through the quarter. We continue to see varying degrees of recovery by geography, with US remaining well over 2019 levels, while EMEA and rest of the world remain below 2019 levels.

Our hotel B2B revenue line had a solid quarter, improving sequentially. Similarly, revenue from our media and platform offering also saw acceleration in the quarter, reaching 85% of 2019 levels, which is acceleration from third quarter's recovery rate of 80%.

Tripadvisor's Core's experience and dining revenue saw strong growth in the quarter, reaching 113% recovery versus 2019. This represents a modest step-down from Q3's result of 125%. Within this revenue line, the experiences recovery rate continued to accelerate sequentially and was well above the overall experiences and dining recovery rate.

As an important reminder, other revenue within Tripadvisor Core includes offerings within the cruise, flights, vacation rentals and rental cars categories. When considering these offerings in categories with those we have since divested, such as SmarterTravel and China, this revenue stream collectively represented over [ph] $160 million (20:05) in annual revenue in 2019.

As we sharpen our focus and look to prioritize investments in our highest return opportunities, there are areas that we will continue to invest in as well as other areas where we’d be more prudent in terms of capital allocation. And as such, we do not expect Tripadvisor Core’s other revenue line, as currently defined, to fully recover to 2019 level.

At Viator, we continued to see strong demand in Q4. Revenue recovery versus 2019 reached 208%, which is an increase from third quarter's rate of 179%. We saw strengthening demand toward the back half of the quarter, despite major weather disruptions and a subsequent increase in cancellations. Gross bookings grew to over $600 million, which represented 220% versus 2019 levels.

At TheFork, recovery versus 2019 was 94% for the quarter, which was negatively impacted by estimated currency headwinds of about 9 points. The sequential step-down is primarily impacted by the timing of an acquisition in the fourth quarter of 2019. Without this, the recovery rate would have been closer to fully recovered, a modest step-down from last quarter's rate of 103%.

The sequential decline is due, in part, to a larger-than-expected impact of the World Cup in TheFork's major European markets in October and November, as well as European macro conditions, which have impacted both diner demand as well as restaurant supply.

Turning now to the full year 2022, we reached nearly $1.5 billion in revenue – in consolidated revenue, which is 96% of 2019 levels and represents 65% year-over-year growth rate. Growth in recovery was driven, in large part, by our Viator segment at 171% of 2019 levels and 168% year-over-year growth, and, to a lesser extent, our Tripadvisor Core hotel meta and experiences revenue and TheFork.

Q4 adjusted EBITDA was $43 million on a consolidated basis or 12% of revenue. This is flat with adjusted EBITDA margin of 12% in Q4 2021 and down versus 27% in Q4 of 2019. On a consolidated basis, adjusted EBITDA margins were down about 15 points as compared to Q4 2019. This is primarily the result of greater
investment in our experience offering, both in Viator and TripAdvisor Core, through performance marketing spend and experiences becoming a larger part of the overall mix of our business. It's also due, to a lesser extent, to a higher mix of paid traffic in hotel meta within TripAdvisor Core. This has been partially offset by leverage on our fixed and discretionary costs on a consolidated basis.

In our TripAdvisor Core segment, the primary drivers of the lower adjusted EBITDA margin versus Q4 2019, are increases in performance marketing to drive experiences as well as hotel meta traffic mix shift. We also witnessed some deleverage in fixed and discretionary costs due to lower revenue recovery, despite these costs being lower on an absolute basis.

In Viator, the improvement in adjusted EBITDA margin relative to 2019 in Q4 are due to the significant leverage in our head count and other fixed costs as a percent of revenue, offsetting increases in performance marketing and recent brand spend.

Finally, in TheFork, adjusted EBITDA margin performance relative to Q4 2019 was driven primarily by increases in traffic and other variable costs, in head count and other direct costs. These investments have been in support of driving awareness to consumers and our restaurant partners, which we hope to leverage in 2023.

Taking a moment to look at adjusted EBITDA margin sequentially, we saw a reduction of about 13 percentage points from Q3 to Q4 2022 compared to a sequential step-down in 2019 of 3 percentage points. As we discussed on our last earnings call, Q4 2019 benefited from a large step-down in television advertising spend at TripAdvisor Core and a reduction in our bonus accrual totaling about 6 percentage points of this difference.

Without these factors, the adjusted EBITDA margin in Q4 2019 would have been approximately 6 points lower than the 27% margin reported that quarter. The remaining difference can be attributed to the Q3 to Q4 2022 smaller sequential step-down in variable marketing costs in Viator and TripAdvisor Core experiences, as well as a sequentially larger increase in fixed and discretionary costs as a percent of revenue.

Adjusted EBITDA in 2022 was $295 million or 20% of revenue, reflecting a significant improvement from 11% of revenue in 2021, but down from 28% of revenue in 2019. Our deleverage versus 2019 is largely due to a higher mix of performance marketing expenses in our faster growing experiences business, as we incur the spend in advance of revenue recognition.

At Viator, we believe that this investment is supported by growth in new customer bookings and the improvements we've seen in our return customer behavior. Repeat customers, who in recent cohorts return more frequently, also spend more with us, improving our unit economics. Additionally, in TripAdvisor Core, we've invested more in experiences, given the attractiveness of this category.

In hotel meta, as we've seen longer-term shift in search marketing that have impacted our channel mix, we increased performance marketing slightly to drive revenue, while maintaining our ROAs targets. To partly offset the increase in variable marketing as a percent of revenue, we've maintained our lower fixed and discretionary costs as a percent of revenue.

Now, on to our cash and liquidity position. Free cash flow for this year was $344 million, which was up meaningfully versus $54 million in free cash flow in 2021. This year-over-year improvement was due to higher operating cash flow, which includes the benefit of positive working capital movements at Viator related to deferred merchant payables, as well as some onetime tax credits we received related to the pandemic. We ended the year
with a strong balance sheet, with just over $1 billion in cash and $1.5 billion in total liquidity, including our undrawn credit facility.

We believe that our strong liquidity and cash flow profile provides us a solid cushion against any potential macro headwinds, as well as allows us to pursue capital allocation decisions that will drive long-term value creation. Additionally, as noted in our Shareholder Letter, in the first quarter of 2023, as part of the disclosed IRS audit of Expedia for the years 2019 (sic) [2009] (27:05) through 2011, we expect to incur an additional income tax charge in an estimated range of $25 million to $35 million during the first quarter of 2023. From a cash flow perspective, a net cash outflow of approximately $70 million to $80 million is expected during 2023. This will have no impact on our adjusted EBITDA.

Now on to the recent trends and thoughts for the first quarter. We want to provide a little more color and remind folks of the dynamics of January relative to the first quarter and the first quarter relative to the full year outlook for which we provided last night. While we will not continue the comparisons to 2019 when we move into fiscal 2023, I will provide some color on January's performance relative to 2019 as a reference point.

In Tripadvisor Core, January 2023 recovery versus 2019 was in the mid-70s percent, a step-down from 85% in Q4 2022. We expect the recovery rate versus 2019 will be lower for the quarter, due to the tougher compare in the first half of 2019. Revenue versus 2019 for Viator and TheFork in January saw strong improvement from Q4's recovery levels, and we expect that to continue in Q1.

Switching now to year-over-year growth, in January, we saw an acceleration in year-over-year growth rates across all segments versus where we exited Q4 2022. As a reminder, January of 2022 was a weaker period for us, given the Omicron variant, while February and March of 2022, recovery accelerated at a very fast pace. Given this dynamic, we expect that February and March growth rates will normalize. The result will be a small sequential step-down of our consolidated growth rate in Q1 2023.

With regard to consolidated EBITDA margin, in Q1, we expect margins to be largely consistent with the same period a year ago. This assumes a flat margin year-over-year in Tripadvisor Core. As a reminder, the Q1 margin trend reflects the seasonality of marketing spend at Viator.

In the Shareholder Letter last night, we noted that for the full year, we expect full year consolidated revenue growth that reflects the diverse growth profiles across our portfolio and is consistent with the broader travel growth trends, and consolidated adjusted EBITDA margin to remain flat year-over-year, which assumes approximately flat year-over-year margins in Tripadvisor Core as well.

I will reiterate how excited we are about our direction. We believe our plan sets us up to drive sustainable, profitable growth and deliver on our near and longer-term strategic priorities. At Tripadvisor Core, we'll be focusing on operational execution to produce stable margins this year, while we establish a foundation to deliver long-term sustainable revenue and adjusted EBITDA growth.

Viator will continue to invest in growth and market share gains, while driving improving unit economics that reflect the profit potential in this business. Finally, at TheFork, we'll be aiming for significant margin improvement, in particular in the second half of the year, while continuing to drive healthy growth.

To this end, we're managing our business to longer-term priorities. Our goal is to build a business that can deliver attractive durable revenue growth rates that will drive adjusted EBITDA growth as well as expanding margins over time. In the near term, we look forward to keeping you updated.
With that, I'll pass the call back over to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator instructions] Our first question will come from Lloyd Walmsley of UBS. Your line is open.

Q

Hi. Thanks. This is [ph] Chris (31:24) on for Lloyd. Maybe two questions, if we can. Maybe just first on the 2023 revenue guidance. You said it would be consistent with broader travel trends. I think [ph] focus, right, (31:36) is around 18% growth year-over-year for OTA hotel bookings. I guess, first, is that really kind of the right number we should be benchmarking to?

And second, I guess, how should we be thinking about the segment accelerating, decelerating and building to that consolidated consistent with broader travel trends type of growth? I'll pause there and ask the second one as a follow-up.

A

Michael Noonan
Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.

Yeah. Hey, it's Mike here. Thanks for the question. So when we look across the travel market and we look at not just market surveys, we look at our peer group, we see that kind of market growth rate more mid-teens level and that is a reflection of the diversity of the portfolio of travel segments, but it's really more the mid-teens level.

Your second question was around how do we see kind of growth rates of the segments? So within that, you would expect as we invest in growth in Viator to be a higher growth rate than our consolidated. As we look at that, we are looking TheFork to be a higher growth rate as well. And then on our Tripadvisor Core business, that would be a lower growth rate than kind of our – than that – the consolidated growth rate. So that should just give you a shape of kind of how we're thinking about the growth as we move for the full year.

Q

Okay. Got it. And maybe just a high-level question here. As we think through the new strategy, lot of conversation around generative AI. Just curious how do you guys think about using generative AI trained on – potentially being trained on your reviews to answer questions for travelers to really just help them make decisions without having to comb through reviews or really just kind of what are your high-level thoughts at this point more broadly in how you could use this technology and how it could be impacting travel search and booking experiences?

A

Matthew A. Goldberg
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Thanks, [ph] Chris (33:31). It's Matt. Appreciate the question. Obviously, just about everyone is talking about generative AI. I think every kitchen table that I've been at is mentioning it. And it's one of those technologies that we really want to pay attention to. You can imagine that over history, when you look at new technologies, people often get really excited in the short term and maybe overestimate what's going to happen and try to be predictive
about that short term, only to underestimate in the long-term. So this is one to watch in the long-term. And we think this is a technology that puts us in a place of advantage. We expect that it will be ubiquitous. The key differentiator is the underlying data and content, if you will, that generative AI draws from.

People in travel want real recommendations based on what other travelers or experts have done and recommend, not just generic [ph] bot (34:30) recommendations. And we think that puts us in a really strong position to experiment with the technology, to take advantage of our vast content asset. We have, as you know, over 1 billion reviews. And of course, we've got hundreds of millions of members of our audience with unique interest here. So we can create unique tips, guidance and drive a more personalized experience.

It will remain to be seen how it impacts search. Obviously, the big search players are experimenting with it, and we know it can't be rushed. We also know that there are some unit economic questions in that space. And we'll leave it for the search organizations to play with that, and we will look to take advantage of it. We think it reinforces the imperative of our strategy to build a persistent and direct relationship with the traveler that experiments with content.

Got it. Thanks for the color. Thank you both.

Operator: Thank you. One moment please for our next question. And our next question will come from Stephen Ju of Credit Suisse. Your line is open.

Stephen Ju
Analyst, Credit Suisse Securities (USA) LLC

Okay. Thank you so much. So, Matt, I don't really want to put words in your mouth, but in terms of your [ph] cost plans (35:53) for Tripadvisor Core, it sounds like you're looking to develop an intermodal search and planning product. So I'm just wondering if you can offer us some additional color or details on what this will look like.

And secondarily, you already pulled inventory from your lodging partners and you have some of your own products for things to do at destinations. But do you feel like you have good access to all of the different pieces of the total trip to properly funnel the purchase intent that you already have? Thanks.

Matthew A. Goldberg
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Yeah. So we're really excited about the development of our product. We reorganized ourselves to be much more consumer first and product led. And we've got a new Chief Product Officer that has deep experience in that area. And so we have a lot of conviction that we're leaning into an area that's both something that travelers are looking for and something that we're uniquely positioned to deliver.

And so the opportunities will really deepen the relationship and focus on making sure that our guidance is well curated, is matched to the individual needs and personalized to users that arrive who we can understand better because of the data asset that we're leveraging. We think that we can start with content to give a really compelling reason to come back to our site and benefit from context and curation.
And then it can move into robust planning tools that give users a sense of as they're thinking about where they want to go next, what they want to do, that they're able to actually start to think about an itinerary. And we have lots of ideas about how to serve up that from our content and the products that we want to deliver.

If we do that, there's going to be a higher level of engagement. And that engagement will, of course, drive monetization. We think that this adds up to a kind of modern media marketplace for travel and it's not a single product bet. It's really all about the experience that we're delivering. And we already have access to the elements that we need because we're already serving around accommodation, experiences, restaurants and we think we have a lot to build on.

Stephen Ju  
*Analyst, Credit Suisse Securities (USA) LLC*

Thank you.

Operator: Thank you. One moment please for our next question. Our next question will come from Douglas Anmuth of JPMorgan. Your line is open.

Good morning. This is [ph] Dale (38:42) on for Doug. Thanks for taking the questions. I have two. So first one, you guys talked about macro environment remaining uncertain. Are you seeing any changes in demand or behaviors of the travelers today?

And then secondly, on margins, could you talk about your margin expectations for Viator in 2023? And then in TheFork, you talked about improving margins in the back half of the year. Could you talk about the drivers of that improvement? Thank you.

Matthew A. Goldberg  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Thank you for the question, [ph] Dale (39:10). This is Matt. I'll take the first question, and Mike will take the second. The trends we're seeing from the consumer are strong. There's an ongoing excitement to be able to travel again. And 2023 certainly kicked off with really strong signals of intent and growth from travelers across all regions. And so they're coming back.

International is becoming more interesting. We're seeing level of interest in international being roughly at pre-pandemic levels. And travelers are getting more comfortable with advanced planning again. So we're seeing booking windows start to extend. So not only is the traveler returning on our site, it's also translating into both engagement and clear action.

The other thing I would say is that as we really try to get a sense of how travelers are thinking about travel in the future, we are seeing a really good signal. Around 86% of travelers plan to take one to two trips between March and May 2023. Now, of course, inflation is still choppy. And there are still signs about thinking about how they want to adjust. And we may see fewer shorter trips. Likely, the weekend get-away is going to be really interesting. But ultimately, travelers are protecting the discretionary spend in travel at the expense of other discretionary categories. And so we're really pleased with what we're seeing in terms of the robust nature of demand.
Michael Noonan  
**Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.**

And [ph] Dale (40:47), I'll take the second piece on margins. So just to remind you what we just said. So from a consolidated basis, we're going to be consistent flat year-over-year. We said the same thing for Tripadvisor Core. In respect to Viator and TheFork, so Viator, as you've heard us say, we're really excited about this market, right? And we want to continue to invest behind this. That's in things we've talked about already, acquisition, product, channel expansion, et cetera. So we're going to continue to invest there. So we expect those margins to remain fairly consistent year-over-year.

On Fork, we've made a lot of investments in our – as we said in the prepared remarks, around things like systems, things like payments, sales force people to build back supply base. These are assets and investments we're looking to leverage this year. So at Fork, we are expecting margins to improve year-over-year. And that would be the basis of that overall consolidated flat year-over-year consolidated guidance.

Okay. Thank you.

**Operator:** Thank you. One moment please for our next question. Our next question will come from Richard Clarke of Bernstein. Your line is open.

**Richard J. Clarke**  
**Analyst, Bernstein Autonomous LLP**

Hi. Good morning. Thanks for taking my questions. Just would like to ask with the new strategy on Tripadvisor Core, what do you ultimately think that division is capable of? You sort of said you don't expect the revenues to come all the way back to 2019 in the shorter term, but what kind of revenue growth can that business achieve? What kind of margin do you think you can achieve in the Tripadvisor Core business over the mid-term? And then maybe any sense of the time scale to get to that performance?

**Michael Noonan**  
**Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.**

Yeah. Hey, Richard, it's Mike. I'll take a stab and Matt can provide a comment if he wants. So as you said, 2023 is an important year for us at Tripadvisor Core. There's a lot of things we're doing foundationally to set us up for which we said sustainable growth and margin expansion in that business. So this year is aligned around how we align ourselves, how we really find a lot and I've already identified operating efficiencies in the business, which we're very excited about.

And then it's also making those foundational investments in the long-term strategy pieces. While those investments won't really show financial return in this year, they very much are expected to continue to prove this out beyond 2023. Those are things we're doing this year like data, as Matt talked about. Things like content, beginnings of experimentation around the tooling and guidance platforms, as we said. So while we're operating and doing these things, we're also making sure we're operating efficiently as possible. Running the business to be efficient on cost, remove costs where we can, which is largely reflected, Richard, in that flat margin guidance.

Over time, as this business – again moves beyond 2023, which is a very different business than it was in 2019, where, as I mentioned, we had that very large other piece of core revenue, as that mix becomes bigger in even
TA Core with experiences, as we have continued recovery in our media business, which we do think is lagging kind of overall the travel industry, as our B2B business comes back online. All of this is being reinforced and driven by our overall strategy of engagement, which should be really a flywheel impact of all of our businesses. We do expect this then to be able to drive that growth in margin. And again, experiences in TA Core would be a big piece of that as well. But, Matt, I don't know if you have anything...

Matthew A. Goldberg  
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Yeah, I think that's good color. Richard, I would say we're focused on TA Core as delivering steady growth, sustaining and building off of what we do this year. I think margins, we'd like to see at 2019 levels over the coming mid-term, which is over the next three years. This steady growth and the relative shift in our revenue mix towards experiences and media allows us to, I think, over time, expand margin in the medium-term to 2019 levels.

Richard J. Clarke  
Analyst, Bernstein Autonomous LLP

Okay. So can I ask one quick follow-up? Just your January commentary about stepping back to the mid-70s. That feels a little bit different to some of your peers have talked about a decent acceleration in January compared to Q4. Just anything – color you can provide on maybe why your – you've not seen that acceleration in January that others have?

Michael Noonan  
Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.

Yeah. Thanks, Richard. When we talk about recovery, which we hope to get past that – talk about that in the new year. It is you’re anchoring back to a period a long time ago and 2019 was a very just unusual year for us. In the first half of the year, we saw very high volume, very high pricing. So when you anchor back to recovery levels, that’s why you see that kind of that step-down.

I would say the growth rates – when you think about the growth rates, the sequential growth rates, modest step-down, but in line. And I think when you really think about the year-over-year change – the sequential change in revenue, when you go way back pre-pandemic, that Q4 to Q1 movement, we’re kind of in line with what we’ve seen way back when. I know we’re throwing a lot of history at folks, but these are things we think about when we look at it and say, yes, we see the step back. We understand it’s a comp. We also feel it represents a continuing healthy business. And there’s no systematic change in Q1 versus Q4 that is cause enough to have pause for the quarter.

Richard J. Clarke  
Analyst, Bernstein Autonomous LLP

Okay. Fair enough. Thank you.

Michael Noonan  
Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.

Yeah.

Operator: Thank you. One moment please for our next question. One moment, please. Our next question will come from Ronald Josey of Citi. Your line is open.
Hi. This is [ph] Mike (47:13) on for Ron. Thanks for taking our questions. You mentioned that Viator conversion rates improved due to product improvements. Can you talk a little bit more about what changes in the product drove the improvement there? And maybe what product improvements, if any, are in the pipeline for Viator in 2023? Thank you.

Michael Noonan  
Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.

Yeah. I'll take a quick – give you some thoughts. I know Matt will probably add on to it as well. So we're – the conversion improvements, like we're always experimenting with everything in the funnel, right? And that starts with how we acquire traffic, what we acquire traffic. We're making a lot of investments in diversifying that – those channels this year, as we talked about. We've been launching and legging our way into some brand spend, which is an example of how we're trying to diversify channel expansion. These are all different ways of improving conversion, finding different pieces of traffic. But then also a lot of the work we're doing in our app, on our mobile product, all about how we orient users who come in with high intent to the surface and get that traffic to convert. So it really starts up and down the funnel, the type of traffic which we acquire and then product improvements to get people to move into the bookable product.

Matthew A. Goldberg  
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Yeah, I think that's right. And so you see the team focusing deeply on matching the post booking experience, making sure our tech platform is as fast and personalized as it can be. We really are paying attention to repeats, which are improving, and we're seeing cohorts improve. And it's looking at the kinds of things that create loyalty and create the incentive to repeat.

We want to make sure we're focused on creating more value for operators. And so there's a lot of work going into how we do that through a trusted operator program that really helps them capture opportunities. In the end, it's about being the default choice and that delivers the scale. It creates more reasons for partners to work with us. It creates more reasons for operators to come. And of course, it creates more reason for consumers to come, get a good experience and return to repeat.

That's helpful. Thank you both.

Operator: Thank you. One moment please for our next question. Our next question will come from Mario Lu of Barclays. Your line is open.

Hey, there. This is [ph] Jack (49:54) on for Mario. Thanks for taking my questions. In the Shareholder Letter, you mentioned that the US recovery in the hotel space was outpacing Europe and the rest of the world. Maybe if you could just talk to us about what drove that and if there was anything notable outside of macro to call out there?
And then similarly, you mentioned within Trip branded hotels, European recovery rates slowed from last quarter. I'm just curious as to the main drivers of the slowdown as well? Thank you very much.

**Michael Noonan**
*Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.*

Yeah, [ph] Jack (50:24), it's Mike. I'll take that. So they're really the same drivers because the meta and the branded hotel are part of that same subsegment. So this is a trend that I think we've seen for some time now, where US has been recovered and EMEA and rest of the world are just lagging. And I think there's a lot of what's in that is really geographic in nature in terms of different recovery rates by geo. Obviously, the US travel general market has recovered at a faster pace than Europe or the rest of the world. Rest of the world being largely APAC. And obviously, those areas have been slower to open up travelers than other areas.

Europe just simply has had maybe more macro headwind, considering the events there, whether it's Ukraine war or other impacts of inflation hitting there. And then, listen, in the US, we're a well-known brand here. We have strong auction dynamics within our core meta and continue to drive good performance here, but I think there's nothing really else to call out than those main drivers between the regions.

**Matthew A. Goldberg**
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

I will also say, as we think about how we reinforce the relevance and performance of meta, as we think about how we're going to leverage data and how we're going to improve the experience, particularly on mobile to attack the monetization opportunity there, we think there's an opportunity in international.

We know we haven't served those international audiences in the meta product as well as we may have wanted. And so we think there's room for improvement. And we think monetization will improve. And, of course, as those markets come back online, particularly in Asia, we see real opportunities. So, excited about that for 2023.

**Operator:** Thank you. One moment please for our next question. One moment. Our next question will come from Jed Kelly of Oppenheimer. Your line is open.

**Jed Kelly**
*Analyst, Oppenheimer & Co., Inc.*

Hey, great and thanks for taking my questions. Just a couple on Viator. As you think around the longer-term strategy of Viator, how do you think about potentially serving some of those longer tail providers that might not need to pay like a higher commission rate?

And then, can you touch on the performance marketing you're investing in Tripadvisor Core to drive experiences? And if you were to potentially do a strategic transaction of Viator, would that impact the margins of Viator just because you're spending some of that performance marketing in Tripadvisor Core experiences? Thank you.

**Matthew A. Goldberg**
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Thanks, Jed. It's Matt. I'll take the first, and then I think Mike will take the second part of that question. Look, Viator for the long-term, our goal is to win as the leading global experiences marketplace. And the job there is to create a great experience on the demand side and then to bring the supply side on where we do matching that is easy and delivers a great result, where the consumer walks away in wonder.
And so the opportunity, as we continue to scale, is to help everyone on the operating side that is high quality to then get exposure to that audience. And the team is very focused on working with operators to ensure that anyone who has a high-quality experience that they want to deliver in any location, can come on to our platform and meet the appropriate demand.

So that concept of leveraging data to do better matching is something that we are very focused on, and that will happen over time. The key is as we continue to scale, we get all kinds of advantages as the leader. And we're very focused on continuing to accelerate and reinforce that position.

Michael Noonan  
*Chief Financial Officer & Senior Vice President, TripAdvisor, Inc.*

Yeah. I'd say on the second question, so experiences on Tripadvisor Core is a great opportunity for us. It's a very different platform, obviously, than Viator, where people are coming to Viator for very specific booking transaction. Tripadvisor Core has a lot of different traffic that comes to us for very, very different reasons.

And it's been part of the opportunity for us, I think, as part of our strategy overlay of how to bring those into monetizable channels. So we do spend performance marketing to attract experiences on Tripadvisor Core. And, again, I think there's a huge opportunity for us to continue to find ways to increase that.

And, as you know, Viator is the back end that fills the experience itself. So I think the relationship between the two, it's built on a normal third-party arrangement that – I think your question was if it were separated, that would seem to be in the same realm of that – those economics. So wouldn't think there'd be any really major change because that's the way we've set up the – the way that the intercompany kind of works today.

Matthew A. Goldberg  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Yeah, the segment reporting helps you understand what Viator could look like on a stand-alone basis, the commercial arrangement would continue. We think that the combination of Tripadvisor and Viator together gives us unique positioning to win in this space. And our job is to make sure that we're doing a great job with both. The demand generation platform that Tripadvisor represents and creating the best possible experience when you're thinking about what you want to do next on your travel journey, whether you're planning and thinking about what's that unique experience I want to have and making sure that we have the right supply.

Now Viator gives us an advantage immediately to provide that supply, but we know we have upside in providing other supply opportunities. And that's something that we can look at and really match that demand with supply. And in the meantime, Viator can focus on doing the best job making that conversion and making that a great experience that somebody comes back to want to do again. So the combination of the two and running each of these most effectively is going to put us in the position to win in the category.

Jed Kelly  
*Analyst, Oppenheimer & Co., Inc.*

Thank you.

Operator: Thank you. This will complete the Q&A portion of the call. I would now like to turn the conference back to Matt Goldberg for closing remarks.
Matthew A. Goldberg  
President, Chief Executive Officer & Director, TripAdvisor, Inc.

With that, I'd like to thank you all for your time today. We're excited about our strategic direction, and we can't be more energized to get out and execute with our teams. We look forward to continuing to share updates with you quarter-by-quarter. Thanks.

Operator: This concludes today's conference call. Thank you all for participating. You may now disconnect, and have a pleasant day.