<table>
<thead>
<tr>
<th></th>
<th>Q1 2022</th>
<th>Q1 2021</th>
<th>Q4 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$262M</td>
<td>$123M</td>
<td>$241M</td>
</tr>
<tr>
<td>Net Income / (Loss)</td>
<td>$(34)M</td>
<td>$(80)M</td>
<td>$(29)M</td>
</tr>
<tr>
<td>Adjusted EBITDA (1)</td>
<td>$27M</td>
<td>$(26)M</td>
<td>$29M</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, intangible asset, and long-lived 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 are very pleased with our performance in Q1 2022, which exceeded our expectations, and started the year well–positioned to capture demand as leisure travel continues to recover and as we continue to strengthen our offerings across segments. Relative to our outlook in mid–February, we exceeded our expectations for Q1 2022, driven by strong performance in our Experiences and Dining segment supported by steady recovery in our hotels and display and platform revenue streams.

Our focus on unlocking value from our experiences and dining businesses is delivering results. Our performance in this segment reflects a strong recovery, but also an opportunity to gain share in under–penetrated categories in the overall travel industry. We are excited about the different opportunities for growth and investment across the markets in which we operate in these businesses.

We continue to make progress across all our product offerings. In our hotel auction, volumes reflect returning demand for travel, and auction dynamics demonstrate our travel partner ecosystem capturing demand. In our other core Tripadvisor offerings, which include our B2B hotel offerings, display and platform, rentals, flights, and cruise categories, our Q1 2022 results and the trends throughout the quarter reflect a strong start to the year.

First Quarter 2022 Consolidated Financial Results

First quarter revenue improved year over year to $262 million, growing 113%, reaching 70% of 2019 levels, despite a drag from Omicron in January. We exited the quarter with the month of March at 81% of 2019 levels, and expect to see further improvement to just over 90% in the month of April. Our revenue recovery in our combined HM&P and E&D segments reached 75% of 2019 levels for the quarter, and exited the quarter at 88% of 2019 levels in the month of March, also showing further improvements in April.

Trends over the last year have shown clear momentum, with the exception of impacts from Omicron in Q4 2021 and Q1 2022. Geographically for most of the last 12–months, we’ve seen a faster return in the U.S. across key operating metrics such as unique users and hotel shoppers, as well as strong growth in hotel auction and experiences revenue. Over the last few months, we have been pleased to see key European markets return to
levels in traffic and shopper metrics not seen since pre-Omicron and pre-Delta last fall.

Total company performance was propelled by Experiences & Dining, which exceeded 2019 levels in Q1 2022, and grew 229% year over year, reaching 115% of 2019 levels. HM&P revenue grew 82% year over year to $160 million, reaching 63% of 2019 levels. Finally, Other revenue increased to $10 million in Q1 2022, growing 43% year over year.

Intra-quarter, consolidated revenue as a percent of 2019's comparable periods ranged widely. January revenue as a percent of 2019 was impacted by the Omicron variant, and was well below the quarter's average. We saw a pick up in momentum in February and March, which well exceeded the quarterly average. For the month of March, consolidated revenue as a percent of 2019 reached its peak level so far in the recovery, at 81% of 2019 levels.

Monthly unique users across our Tripadvisor brands in Q1 2022 were approximately 71% of 2019 levels for the quarter. Similar to revenue, we saw a slow start in January, and made gains in February and March.

**Net loss** for Q1 2022 was $34 million, compared to a net loss of $80 million in the same period a year ago.

**Consolidated adjusted EBITDA** in Q1 2022 was $27 million, or 10% of revenue as compared to an adjusted EBITDA loss of $26 million in Q1 2021.

The improvement in net loss and consolidated adjusted EBITDA was driven primarily by an increase in revenue, which more than offset the increase in marketing expense and higher fixed and discretionary costs in Q1 2022 when compared to Q1 2021.

We ended the quarter with $781 million in cash and cash equivalents.
Hotel, Media & Platform (HM&P) Segment

Included in this segment is revenue from our TripAdvisor branded hotels as well as our display and platform revenue.

In Q1 2022, HM&P segment revenue was $160 million, reflecting year over year growth of 82%, reaching 63% of 2019 levels. As travel returned, we continued to see improvements in this segment, particularly after the effect of Omicron waned post-January.

Within HM&P, the month of January saw a significant impact from Omicron. As a percent of 2019, January was well below the quarterly average. However, for the month of March, we saw a strong uptick and our HM&P revenue reached 76% of 2019 levels, which we had not seen since pre-Omicron, and which we expect will reflect further strengthening in the month of April to above 80% of 2019 levels, significantly above our Q1 2022 level.

Adjusted EBITDA for the HM&P segment in Q1 2022 was $46 million, or 29% of segment revenue. Compared to the same period a year ago, HM&P adjusted EBITDA benefited from significant improvements in revenue, which offset the increases in traffic spend year over year.

Tripadvisor Branded Hotels

In our branded hotels revenue stream, which includes our hotel auction and B2B subscription offerings grew 84% year over year, reaching $136 million, or 63% of 2019 levels. Within branded hotels revenue, we saw a sequential step down in Q1 hotel auction revenue as a percent of 2019 levels, driven by the January impact of Omicron. However, hotel auction revenue exited the quarter for the month of March at 76% of 2019 levels, more in-line with levels we saw last summer and early fall, before the Delta and Omicron variants surfaced. In particular, hotel auction revenue in the U.S. and our largest European markets reflected steep improvements throughout the quarter. The U.S. has outpaced Europe in
its recovery, but we are pleased with what we are seeing in these key European markets.

In our hotel auction, the return of travel continues to provide opportunities to lean into marketing spend, and capture demand while still driving healthy returns. We continue to be able to leverage high CPCs by driving paid traffic growth at good returns. CPC trends have remained robust over the last few quarters, driven by continued strength in the U.S. We also saw improving trends in Europe and Rest of World during the quarter.

In our hotel B2B revenue stream, we saw a sequential pick-up in revenue as a percent of 2019 levels. As we noted in our last update, our hotel B2B offering lagged the overall business throughout 2021. We started the year well positioned, and we continue to ramp up resources in sales and support as partner spend in our B2B offerings returns.

**Display & Platform**

Turning to Display & Platform, we are seeing year over year improvements driven by the continued recovery. In Q1 2022 revenue was $24 million, reflecting year over year growth of 71%, reaching 63% of 2019 levels. We continue to see areas of opportunity with both endemic and non-endemic advertising partners leveraging Tripadvisor’s trusted brand and global site reach.
Experiences & Dining (E&D) Segment

*Included in this segment is revenue from our Experiences offering, which includes revenue generated from the booking of tours, attractions and activities, as well as our Dining offering, which includes revenue generated by marketing to restaurants and diners, primarily restaurant seating fees via our online reservation system, and to a lesser extent, subscription-based marketing and analytical tools, and sponsored advertising.*

In Q1 2022 revenue in our E&D segment was $92 million, reflecting year over year growth of 229%, reaching 115% of 2019 levels. Since the second half of 2021, we have seen marked improvements and, for the first time since the beginning of the pandemic, E&D revenue exceeded 2019 levels this quarter. This segment has been our strongest performer in the recovery to 2019 levels.

Within the quarter, January revenue as a percent of 2019 was well above the rest of the business, and we were pleased to see continued improvement in February and March, with March reaching 120% of 2019 levels. In April we saw momentum continue in E&D, and expect revenue above 130% of 2019 levels for the month. Experiences continues to outpace Dining in its revenue performance relative to 2019 levels.

E&D Adjusted EBITDA loss was $22 million in Q1 2022, in-line with levels in Q1 2019. Q1 2022 segment adjusted EBITDA reflects the investment we are making in marketing across E&D, notably Viator and the dynamic between traffic spend, which drives bookings and revenue.

Year over year revenue has increased in E&D, and as a percent of revenue, our fixed and discretionary costs have come down significantly. Online traffic costs as a percent of revenue have increased as we sought to capture demand driven by returning travelers and diners. We believe that we are making the right tradeoffs between revenue growth and margin expansion as we seek to build our competitive advantages and scale.
In the E&D segment, we expect continued investment in driving top-line growth in 2022, and expect segment adjusted EBITDA margin to return close to, but not quite back at, 2019 levels in 2022.

We also continue to look at opportunities to unlock value in Viator and TheFork, as we discussed in the previous two quarters.

Experiences

In Q1 2022, our Experiences offering reached $56 million in revenue, which reflects significant year over year improvement. Revenue was 127% of 2019 levels for the quarter, a significant improvement from 27% in Q1 2021. Relative to other categories within the Tripadvisor portfolio, Experiences has recovered the fastest. We are also very pleased with the performance we are seeing across geographies.

Looking at our operating metrics, in Q1 2022 the number of bookings (pre-cancellations) was 130% of 2019 booking levels for Experiences. Experiences gross bookings value, or GBV, as a percent of 2019, has improved over the last four quarters. GBV is reported at the time of booking and is gross of cancellations, whereas revenue is recorded at time of travel, and is net of cancellations. During the pandemic, cancellation rates increased across Experiences, but as 2021 progressed, had improved significantly. The conversion from bookings to revenue in any given period is also influenced by timing between the booking and the time of travel.

Total Experiences GBV in 2019, pre-pandemic, was approximately $1.5 billion, and full year 2021 GBV had recovered to 76% of 2019 levels, driven by a strong back half of 2021—we exited 2021 in Q4 at 113% of 2019 levels. GBV made directly through the Viator point of sale grew the fastest, moving from approximately 50% of the Experiences GBV in 2019 to 67% of total Experiences GBV in 2021.
In Q1 2022 the total Experiences GBV was over $450 million, or 144% of 2019 levels. A year ago, GBV was 34% of 2019 levels, and since then, each successive quarter has shown improvement to Q1 2022 levels. In April, we saw a continuation of positive GBV trends.

While 2021 was buoyed by U.S. domestic experiences bookings, Europe as a destination appears to be recovering robustly, with North America and Europe as a destination roughly at par in terms of booking levels in April. Particularly encouraging is that we had higher levels of GBV from U.S. travelers booking an experience in Europe in April 2022 than in April 2019.

Similarly encouraging is our continued success in improving repeat rates, with the 2021 cohort of newly acquired bookers to date on the Viator point-of-sale showing better retention and repeat than those of both the 2018 and 2019 cohorts over a similar period after acquisition.

**Viator**
Experiences revenue consists of the transactions from the Viator point of sale, the Tripadvisor point of sale, and other third party sales. As the merchant of record for Tripadvisor experiences, on a standalone basis, Viator would recognize the revenue that is generated from the Tripadvisor point of sale, and would be charged an affiliate marketing fee by Tripadvisor.

Sales and marketing is the largest component of Viator costs. These costs grew from 66% in 2019 to 73% of total costs (which do not consider stock-based compensation, depreciation and amortization costs), in 2021 as we focused on the recovery and investing in growth. Cost of revenue, which was 13% of the total costs in 2019, decreased to 9% of total costs by 2021. Tech and content and G&A combined went from approximately 22% of the Viator cost base in 2019 to 18% by 2021.

Were Viator presented on a standalone basis, its P&L would have reflected adjusted EBITDA losses historically. Through 2020 and 2021, as we hit the pandemic trough
and as recovery began, these losses as a percent of revenue increased.

Our pick-up in absolute investment dollars has been primarily in sales and marketing. We continue to invest in marketing channels and initiatives such as customer support improvements, payments flexibility, app capabilities, and supplier marketing programs—potential drivers of long-term market position, while delaying near-term margin expansion. We continue to see a large and growing opportunity in the experiences category within the online travel industry.

**Dining**

In Q1 2022, revenue from Dining grew 125% year over year to $36 million and reached just under 2019 levels. The performance in this offering has also outpaced the consolidated recovery, despite periodic impacts from Covid-related restrictions in Europe, where the majority of this revenue is derived. In particular, the progress made throughout 2021 was impacted in Q4 when Omicron-related restrictions were once again rolled out. However, we expect to see continuing improvement in Dining. For example, for the month of April, Dining revenue is expected to be approximately 110% of 2019 levels.

Dining revenue is derived from our branded offering, TheFork, as well as Tripadvisor’s own B2B and B2C restaurant offerings. TheFork is the largest contributor to the Dining category, though it does not act as the primary fulfiller to all of the Tripadvisor-driven restaurants offerings, unlike the Viator and Tripadvisor Experiences relationship.

**TheFork**

Revenue at TheFork is primarily earned through per-seated diner charges paid by restaurants. In 2019, we had over 20 million bookings and almost 60 million diners. Since the start of the pandemic, the trend has been positive, though more sensitive to periods of heightened restrictions. On a full year basis, in 2021, these
metrics had recovered to approximately 70% of 2019 levels, though much improved in 2H reaching approximately 90% of 2019 levels. In Q1 2022, both the number of bookings and seated diners were over 100% of levels for the same period in 2019.

Pre-pandemic in 2019, sales and marketing was the largest component of total costs (which do not consider stock-based compensation, depreciation and amortization costs) at TheFork. These costs decreased from 64% of total costs in 2019 to 59% of total costs in 2021. Tech and content and G&A remained relatively stable at approximately 29%-30% of the cost base. The remainder of the costs were in cost of sales.

Were TheFork presented on a standalone basis, its P&L would reflect adjusted EBITDA losses historically, as the Tripadvisor restaurants offering is accretive overall to the E&D segment. Through 2020 and 2021, losses increased significantly as a percent of revenue due to the loss of revenue throughout the pandemic.

We expect in 2022, losses will continue as revenue continues its recovery, and importantly, as we invest in the many opportunities we see in this category and geographically. TheFork continues to build relationships with restaurants, and bring diners to its platform, particularly via TheFork phone app. To support these efforts for both restaurants and diners, the team will continue to rebuild its sales teams and roll out capabilities provided by offers such as payments and gift cards this year. We see potential to maintain strong top line growth as we continue to take share as a leader in European markets.
Other Businesses

*Other* revenue is derived from adjacent offerings, including rentals, flights and cars, and cruise.

Revenue for Q1 2022 in Other was $10 million, reflecting year over year growth of 43%. Other revenue reached 24% of 2019 levels in the quarter. The performance is a result of a few factors, including the significant impact of the pandemic in some of these offerings, such as cruises, and the de-emphasis in marketing across others, such as our rentals and flights offerings. Q1 2019 also included approximately $15 million in revenue from our China assets and SmarterTravel business, both of which are no longer part of Tripadvisor.

Adjusted EBITDA was $3 million in Q1 2022. We like the contribution of these highly profitable offerings, which we expect to continue to use to fund our growth investment across E&D and HM&P.
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 very pleased with our Q1 performance, despite Omicron’s impact early in the quarter. We still expect our 2022 revenue performance to track with the overall recovery in the travel market, which appears to be gaining momentum. However, with unknown geopolitical ripple effects and new variant strains, we also do not believe we have quite reached a state of consistent and stable travel trends.

Net-net though, we are more confident in the velocity of the return and see that travelers are excited about taking trips again. We’ve increased our annual revenue expectations based on the first quarter’s Experiences and hotel auction performance and we expect continued improvements in leisure travel's return in the 2H of 2022. We still expect that 2H consolidated revenue will cross-over 2019 levels, though given IH performance, and drag from our “Other” offerings, we currently do not expect to reach 2019 levels for the full year.

Our momentum also translates into unlocking opportunities to accelerate top line growth in categories such as E&D. Based on progress to date, we expect to reinvest part of our revenue outperformance against our internal plan, and are therefore only modestly revising our 2022 forecast for consolidated adjusted EBITDA relative to our outlook in February. From a margin perspective:

- In HM&P, we still expect significant improvement from 2021 levels, and approaching, but not quite back to 2019 margin levels for the full year.
- In E&D we still expect a meaningful improvement from 2021 in adjusted EBITDA loss as a percent of revenue, though also not quite back at 2019 levels for the full year.

For Q2 2022, we expect:

- Consolidated revenue of low to mid-90s as a percent of 2019
- Consolidated adjusted EBITDA margin of approximately 20% of revenue

Despite some starts and stops over the last two years, the overarching trends in travel are positive and moving in the right direction. We are optimistic about the industry in general, as well as our areas of strategic growth and investment that will drive the business for years to come. We look forward to continuing to update you in the coming months.
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 May 5, 2022. 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.

A replay of the conference call will be available on the same website. A telephonic replay will be available for two weeks following the call at (855) 859-2056; passcode 1211908.

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

We encourage investors to review our earnings press release as it contains important information about our financial results, including tabular reconciliations to the most directly comparable GAAP financial measure, definitions, limitations and other related information about these non-GAAP financial measures. We have not reconciled 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 May 4, 2022, 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, hotel shoppers, 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, 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, interest expense, or income taxes.
05-May-2022

TripAdvisor, Inc. (TRIP)

Q1 2022 Earnings Call
CORPORATE PARTICIPANTS

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

Stephen Kaufer  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Ernst J. Teunissen  

OTHER PARTICIPANTS

Richard J. Clarke  
*Analyst, AB Bernstein*

Naved Khan  
*Analyst, Truist Securities, Inc.*

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

Mario Lu  
*Analyst, Barclays Capital, Inc.*

James Lee  
*Analyst, Mizuho Securities USA LLC*

Zachary Morrissey  
*Analyst, Wolfe Research LLC*

John Colantuoni  
*Analyst, Jefferies LLC*

Lloyd Walmsley  
*Analyst, UBS Securities LLC*

Vince Ciepiel  
*Analyst, Cleveland Research Co. LLC*

MANAGEMENT DISCUSSION SECTION

*Operator:* Good day, everyone. Thank you for standing by, and welcome to the Tripadvisor First 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]

I would now hand the conference over to your speaker today, Ms. Angela White. Thank you. Ma’am, please go ahead.

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

Thank you, Laughlin. Good morning, everyone and welcome to Tripadvisor’s first quarter 2022 financial results call. Joining me today are Steve Kaufer, CEO; and Ernst Teunissen, CFO and Chief Executive, Viator, TheFork and Cruise Critic.

Last night, after market closed, 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 measures discussed on this call. Also, on our IR 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 estimates and other forward-looking statements that represent management's views as of today, May 5, 2022. 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 turn the call over to Steve.

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

Thank you, Angela, and good morning, everyone. We just reported a great quarter and a solid start to the year. We are certainly seeing benefits from the recovery and I'm pleased with our continued execution. I believe that TripAdvisor is uniquely positioned as the world opens up again, and I'm really proud of the role we play in helping travelers.

For so many this brand is about trusted advice, guidance, a community, a spirit of adventure. And with the travel industry in recovery mode, we're really excited about the year ahead.

Another reason for our excitement relates to the other announcement we made last night, Matt Goldberg will join us as CEO starting in July. As you read in last night's release, his experience across multiple industries and travel and digital media and advertising, as well as his experience in strategy and operations make him a really great fit for TripAdvisor. We look forward to introducing him to you on the next call. And in the meantime, I personally look forward to bringing him up to speed on our amazing business and helping him to hit the ground running. On behalf of the entire TripAdvisor family, we welcome Matt to TripAdvisor.

With that, let me turn it over to Ernst before we take your questions.

Ernst J. Teunissen  
Chief Financial Officer & Chief Executive, Viator, TheFork and Cruise Critic, TripAdvisor, Inc.

Thanks, Steve. And thanks to everyone for joining. I wanted to start off today by acknowledging that this will be Steve's last earnings call as our CEO. Most of you know that Steve founded TripAdvisor in 2000 above a pizza shop in Needham, Massachusetts. Fast forward more than two decades later, and TripAdvisor has grown to be an iconic brand and the most trusted travel website in the world, helping hundreds of millions of people plan and book their perfect trip.

Tripadvisor has also proven to be an important economic enabler, helping millions of small businesses thrive in the hospitality industry around the world. Thank you, Steve. On behalf of all TripAdvisor employees, for your leadership, your integrity, your optimism, your passion. It's been such a pleasure and honor to work with you.

Now to our quarterly financial update. We are very pleased to report our 2022 first quarter results. This is indeed a good start to the 2022 fiscal year. As we exit the quarter, we saw sure signs that we have past the Omicron headwinds of January. Our revenue was 70% of 2019 levels for the quarter. But we exited March at over 80% of 2019 and we improved further in April.

Our Hotels, Media & Platform business outperformed our internal expectations for the quarter, our Experiences & Dining business revenue crossed over 115% of 2019 levels in Q1, with booking levels ahead of revenue and
exited the quarter and into April at an even higher rate. Experiences in particular is growing very rapidly and ahead of schedule. We believe this reflects our strong position in our Experiences & Dining marketplaces.

This quarter gives us confidence in the transition of leisure travel back to full recovery and the benefit we expect to derive from that as Tripadvisor. We are also confident that the value we provide to our customers and partners has us well-positioned as we move forward with our 2022 operating plan and our key investments areas, which should propel our future growth.

With that let's jump into Q&A.

**QUESTION AND ANSWER SECTION**

**Operator:** [Operator Instructions] Our first question comes from the line of Richard Clarke from Bernstein. Your line is now open.

**Richard J. Clarke**  
*Analyst, AB Bernstein*

Good morning and just to reiterate Ernst kind words, Steve, we're certainly missing having you on the other end of the call and answering our questions and good luck going forward.

**Stephen Kaufer**  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Thank you, Richard.

**Richard J. Clarke**  
*Analyst, AB Bernstein*

Maybe I can just start off with the CEO appointment and maybe you can highlight your thoughts of what areas of his past expertise were – you feel are going to be most beneficial to Tripadvisor, the company you founded, it seems like he's come from a sort of marketing background. You know, is that kind of the key skill that you were thinking about in looking for the CEO of someone that could sort of pursue those, those display marketing ambitions. I know in back in 2018, you talked about doubling those revenues is it to sort of follow through on some of those ambitions?

**Stephen Kaufer**  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Thanks, Richard, for the kind words and the question. Great question. I'm really happy with Matt as our selection. Can't wait for him to start and feel great about handing the reins over to him. What I really love – came to love and appreciate, it was really a number of things. First, I'd say kind of the breadth of experience, not just in different companies, but in different roles. Like in one guy, you've got biz dev, you've got strategy, significant M&A, he's been a COO, like operated different parts of the business, EVP of North America at The Trade Desk, and of course, being CEO at Lonely Planet. So, when you've had a lot of different roles, at least in my opinion, you get to see all different aspects of the business up close. It's just the perspective that that provides I think is really helpful for the top job.
Second, I'd say being CEO, actually, in this case, at Lonely Planet, you just have to make a ton of trade-offs, while being responsible for the overall growth. So, you can imagine we talked to a number of very accomplished individuals that had risen to do very well in their respective departments at some very big companies. But I felt Matt's ability to see the whole picture was actually more valuable than a star player, an A player that had either just done sales or just done products.

So again, there are lots of different ways to craft what a CEO is going to be great at, but I like the breadth. TripAdvisor is a complex business, and having someone at the helm who has had the experience of running the company before, it's just great not to have to kind of teach that on the job.

Let's see third. He's got a real focus on building great teams, the people, the organization in all of his job, he's paid a lot of attention to that. And so we were certainly convinced that for a business as complex as TripAdvisor, building the right teams to be able to deliver and in getting the teams to work as well together as they can – it kind of – it all makes for that overall success.

And then finally, he knows at least in my opinion, he knows what it's like to be a change agent and really help transform a business. And I just love that type of background. You know, TripAdvisor isn't a start-up anymore. But at the same time, our goal isn't to kind of eke out a 5% or 10% growth each year optimizing different parts of the business.

Our opportunity is so much more than that. We have a huge TAM in front of us. Huge number of assets. And so Matt's, our belief that as he did at Lonely Planet, be able to take an existing company, reshape it to meet the needs of our future customers I have a ton of confidence in.

And then when you actually go down and look through his resume, you see remarkable accomplishments at each and every job that talked about how he delivered the goods. So, you know, in our view, it's not just the hand waving talked about things, it's delivering results at very successful companies.

Richard J. Clarke
Analyst, AB Bernstein

Q

Thanks for that, Steve. A very – lots of great color there. Maybe if I can ask just one quick follow-up. One of your peers was quite bullish about the impact of the Digital Markets Act coming in Europe. I was just wondering what your perspectives are, and whether you could see TripAdvisor actually benefiting from the changes in the regulatory environment that's happening in Europe?

A

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

Yes, I see a number of definite potential benefits. We kind of got to see how it all shakes out and when the appeals are done and all the rest of it. And as I stated many times before, it's hard to correct – or we choose not to craft the strategy around that versus take it as a tailwind, if it emerges as good for us.

Richard J. Clarke
Analyst, AB Bernstein

Q

Great. Thanks very much.

A

Stephen Kaufer
President, Chief Executive Officer & Director, TripAdvisor, Inc.
Thank you.

Operator: Our next question comes from the line of Naved Khan from Truist Securities. Your line is now open.

Naved Khan
Analyst, Truist Securities, Inc.

Great. Thank you. Two questions, please. One on the HM&P side and within that if I look at the different pieces, auctions versus display versus hotel, E&D and compare the performance versus what the trends are for the OTAs, I think, you guys would see a little bit lagged in terms of recovery. I think, [ph] Booking (00:11:32) actually talked about room nights getting to more positive and, like 7%, 10% in April. I wonder what the disconnect might be. And if you could go into that, is it trip planned, or is it business travelers still not coming back or is it Asia? Any color there would be helpful.

And then the second question I have is on the E&D side, how much of the acceleration or the really strong growth you're seeing here is driven by conversions versus increased traffic? Just any color would be helpful there as well.

Ernst J. Teunissen
Chief Financial Officer & Chief Executive, Viator, TheFork and Cruise Critic, TripAdvisor, Inc.

Hey, Naved, this is Ernst, I'll kick off and Steve will fill in, I'm sure. On HM&P, so our total HM&P segment recovered 63% in Q1. That was 76% in March, and then it was over 80% in April. If I unpack that the business that has been recovering somewhat slower than the rest has been our hotel subscription business, our business-to-business, to hotels and to chains as well as our display, so it's moved a little slower than the average.

It's partly because we're rebuilding our salesforce at scale. It's also partly, because it's sort of up funnel, relatively up funnel advertising by hotels has been lagging, but it's been improving very, very solidly, but it's below the pace of the general hotel recovery.

If you look at our auction, our auction obviously suffered in January, but then recovered quickly. Our auction was at 76% of 2019 in March, improvement – very substantially, then in April and was largely that. If you compare that to some of the OTAs, I think, one difference is our auction is almost purely hotel based, where some of the OTAs are reporting numbers which include alternative lodging, which is not included with us and we believe alternative lodging is growing faster than – recovering faster than hotel. That's one component of it.

And, of course, we have always skewed to international travel, which we've seen – which may impact that as well. We have seen very robust recovery in the United States. So that's – those are some of the puts and takes. Steve, I don't if you want to add anything to that.

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

That's good. E&D, but on E&D, phenomenal progress in E&D, both in restaurants and in Experiences, but particularly Experiences. E&D revenue above 130% of 2019 in April, Experiences more than 140% above 2019 in April as our estimated revenue. Phenomenally – they're doing phenomenally well. It was – Experience is very US based in 2021, but we've seen very robust recovery in Europe as well. We called out in the shareholder letter some great factoids in April, actually Europe as a destination was as large as the US as a destination for Experiences. That is awesome, very different from last year.
We also saw that US travelers going to Europe and doing Experiences was above 2019 levels as well. So the business is just doing very well. It is partly improvements in conversion that we've made on the site as you were alluding to Naved, but it's also being very successful at attracting more traffic both in paid channels and in free channels. And so most of the indicators in this – in this business are just doing superbly, and the management team has done an awesome job in making us grow.

Restaurants was already relatively strong even in 2020 and 2021. But we keep making progress there as well. Very pleased with that – with that as well. And so if you take the two businesses combined Experiences & Dining, it's really the fast grower in our portfolio at the moment and is exceeding our expectations in this first quarter and April, versus what we thought we would do and we were already quite ambitious with those businesses. So, all around very pleased with that performance.

Naved Khan
Analyst, Truist Securities, Inc.

Thanks. That's very helpful, and I wish you all the best, Steve.

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

Thank you.

Operator: Our next question comes from the line of Jed Kelly with Oppenheimer. Your line is now open.

Jed Kelly
Analyst, Oppenheimer & Co., Inc.

Great. Thanks for taking my questions. Just unpacking some of the strength you're seeing in Experiences and as we think about you unlocking more value. How would you think about a breakdown between the Experiences coming through the Viator brand and then the Experiences that are being booked on Tripadvisor? And if you were to potentially IPO Viator, would those Experiences booked on brand Tripadvisor would those actually "go over to Viator", how should we think about that?

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

Yeah, excellent question. Our shareholder letter actually has some explanation of what that would look like on a more standalone basis, but let me take you through that. So our Experiences revenue consists of the Viator point-of-sale, the Tripadvisor point-of-sale and then we have third party integrations. All of that revenue if you were to separate on Viator would be Viator revenue.

We – for instance, the Tripadvisor point-of-sale, all the revenue there will be Viator revenue. Viator is the merchant of record for Tripadvisor Experiences, basically delivers the execution of all of that for Tripadvisor.

The Viator point-of-sale is by far the largest point-of-sale, Tripadvisor second, and the third party is sort of third in that. If you were to separate them out, we would recognize all the revenue of the Tripadvisor point-of-sale on Viator as I've just said and we would cross charge an affiliate marketing fee to Viator for that traffic, but the revenue would sit with Viator.

So that's where it was – like a part of your question was, hey, where are you in your thinking there for Experiences? We said in previous quarters that we for both Viator and TheFork were considering ways of
structuring it slightly different from today and carving them out more. We said last quarter that we had filed confidentially with the SEC for a sub IPO for Viator. The works continuing and in the first quarter obviously, we've had an IPO market backdrop that is choppy, but we're continuing on our path of looking at all the options including a sub IPO for Viator and we're just very, very pleased with how the business is doing in the meantime.

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

Great, that's helpful. And then just one more. And as we think about your direct marketing spend over the balance of 2022, how should we think about your direct marketing relative to your 2019 levels going forward? Thank you.

Stephen Kaufer
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Yeah, and so that's – that's different for HM&P and E&D. So HM&P for our auction, in particular, we have not changed the – our ROAS levels, or return on advertising spend levels compared to 2019. And so there we have been successful at growing paid marketing, largely because our CPCs have been very favorable. And so at the higher CPCs and the same return on ad spend, you can buy more traffic. So, that's been the impact there and we've seen a relative shift in 2021 and into this first quarter that within our hotel business to more paid as a result of that.

On the E&D side, and particularly on Experiences, slightly different. We have actually pushed harder on marketing than we did in 2019 in 2021 and now in the first quarter as well. We are working off of pretty good and consistent multi-year historical data on cohorts on lifetime value of our customers. And so, we have compared to 2019, where we were investing at relatively near-term returns. We have pushed that beyond the one year payback period on the customers, but still profitable over a multi-year period. And that has been very, very effective for us in increasing the volume that we can get from Experiences.

Combined with that what we've been able to do is with a very, very strong focus on improvements that we have been driving through the pandemic, particularly on our Viator point-of-sale, we have increased our conversion rates. We have increased our repeat rates. So, the cohorts of customers that we acquired in 2021, even at these elevated marketing expenditures have actually performed better than the cohorts of 2018, 2019, in terms of their repeat profile in the quarters after, and that is very, very encouraging. It means that not only were we right in spending what we were spending on acquiring these cohorts, actually these cohorts have outperformed how we thought they were.

So improving conversion, improving repeat and more marketing spend, but also diversifying our marketing channels beyond Google has been an important focus. And lastly, the app. So, we've spent considerable amount of effort in improving our app on Viator. Still way to go, but we've really seen the results in traffic to the app and revenue we generate from the app. So, those are some of the core drivers of what's going on in our business.

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

Thank you. Good luck, Steve.

Stephen Kaufer
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Thank you.
Operator: Our next question comes from the line of Mario Lu with Barclays. Your line is now open.

Mario Lu  
Analyst, Barclays Capital, Inc.

Great, thanks for taking the questions. Steve. Congrats on finding your successor. Matt seems like a perfect fit. So, the first question is on Viator and TheFork, appreciate the additional P&L detail in the shareholder letter. So, it looks like both businesses are operating negatively in terms of profits today, but are there examples where you see pockets of profitability, say in more mature markets, just trying to get a sense of what long term margins could look like for these businesses? And then separately, Trip Plus, there wasn’t really a mention of it this quarter. Just wondering if there’s any updates there. Is it no longer a focus for the company to drive future growth? Thanks.

Ernst J. Teunissen  
Chief Financial Officer & Chief Executive, Viator, TheFork and Cruise Critic, TripAdvisor, Inc.

Hey, Mario, I'll pick the first question and Steve will take the second. Yes, we are investing in these businesses. They are, as we say, loss-making on a standalone basis, if you were to break them out, but we're investing significantly in growth in both those assets. That is people cost, driving the product, in the case of TheFork, driving restaurant acquisition with the salesforce, and importantly, we're investing marketing dollars against an LTV concept.

I have been talking about Experiences. If you look at dining at our Fork business, you see the same thing. We have significant repeats in that business and therefore value in a customer that we acquire. And so as the business is growing, you'll see that we're operating on a marketing basis at a loss for future gains, which is all going to back later. I've said in the past that that we expect -- for this segment for E&D, we expect long-term margins to be mid to high percentage of EBITDA margin 20 – mid to high 20s percentage EBITDA margin, and that applies to these individual businesses in so roughly similar measure.

The gross margin for instance of TheFork and of Viator are very robust, 90%-ish, gross margin if you take out cost of sales out of Viator for instance. And so a very robust underlying gross margin profile, currently spending on marketing and people cost to drive the growth but long-term, tremendous amount of leverage in that business. These businesses – take Viator, it's an OTA business with very good take rates, mid-20s type of commissions that we get from operators, which is a very robust commission to work with, is favorable compared to the hotel industry for instance. And we think long term that business – as that business scales, it can have very attractive margins indeed.

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

Thanks, Ernst. Thanks Mario for the question, and on Trip Plus, it absolutely remains a focus for us. You know, we acknowledged before that we got out ahead of ourselves in terms of talking about it with such excitement before we had actually proven the product market fit and so we had to pull back and let's just say that, while we continue to test and iterate, you should expect us to be quieter on the topic until we're ready to kind of share the results.

There's really no doubt that the, in my mind that the concept of a travel subscription, be it surrounding discounts or extra services. There's a natural fit in the marketplace, the set of travelers that that we serve, and there's lots of different ways to go about that product. So to be crystal clear, it is an ongoing effort at Tripadvisor. We have plans. We release new things. We sign new deals. So, it is an ongoing effort. And, we'll share in a more judicious manner going forward.
Mario Lu
Analyst, Barclays Capital, Inc.

Thank you. Great. Thank you, both.

Operator: Our next question comes from the line up James Lee with Mizuho Securities. Your line is now open.

James Lee
Analyst, Mizuho Securities USA LLC

Great, thanks for taking my questions. Steve, thank you for answering our question for many quarters. We wish you all the best. Now, I got two questions here, one on maybe a little bit follow-up on Plus to what you talk about last quarter. Are you thinking about maybe making adjustments to your offering in light of the inflationary environment, how that may impact consumer spending?

I think, you mentioned last quarter you were trying to resolve some of the frictions for consumer hesitating for the membership fee. And also you went over last quarter assessing between instant discount versus rebate, and just wondering, have any update on that. And my second question is regarding the auctions business. When you're looking at your customer segments specifically, are you seeing OTA customer coming back more aggressive versus hotel direct booking? I'm wondering, you have any color there. And also maybe, Ernst, you can parse out looking at the revenue recovery for the auction business, can you kind of break out between volume versus pricing growth? Thanks.

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

Sure. Thanks, James. I'll touch upon Plus briefly. We continue to iterate on both kind of the pieces of the value proposition that we're offering to travelers, as well as different ways that we think we can sell it on the site and to our customers, as well as through distribution channels. So, those are all kind of ongoing.

We're keeping our options open in terms of discounts or rebates. There's pros and cons to each. We generally prefer the discount model. But I'm not saying that the rebates are out of the question. And then, on auction, I will turn it over to Ernst.

Ernst J. Teunissen
Chief Financial Officer & Chief Executive, Viator, TheFork and Cruise Critic, TripAdvisor, Inc.

Yeah, we've seen – in the recovery, we saw it last year and we have seen it in Q1, is that the pricing levels, the auction – our CPCs effectively have recovered ahead of volume. That has been a very clear trend and continues to be so right now.

So, if you look at our revenue, healthy CPCs, volumes still below 2019 levels. And that's an indication that actually our auction is functioning very well, that our partners, both OTAs and hotels are bidding on our platform, and we have a very healthy auction going on with very good price realization, but volumes are still behind in the recovery.

James Lee
Analyst, Mizuho Securities USA LLC

Okay. And, Ernst, any distinct difference in terms of growth profile, OTA versus hotel direct booking? Any segment that's growing faster than the other?
Ernst J. Teunissen  

No real trends to call out.

James Lee  
*Analyst, Mizuho Securities USA LLC*

Okay, great. Thanks.

Operator: Our next question comes from the line of Deepak Mathivanan with Wolfe Research. Your line is now open.

Zachary Morrissey  
*Analyst, Wolfe Research LLC*

Thanks. This is Zach on for Deepak. Just quickly on the 2Q guide. I was just hoping to get a little more color on the margins. Revenues are approaching back to 2019 levels, a little below, but margins are kind of expected to be about 10 points below.

And you've mentioned before reinvestment – reinvesting a lot of the cost savings back into the business, particularly on the E&D side. But given the strong recovery over the past couple months, are you seeing incremental opportunities to reinvest? Is this primarily marketing or is there any kind of – anything else that we should be aware of?

And then second, just on the B2B business, you've given color that the recovery kind of lags other areas. But are you seeing any kind of green shoots here? And should we expect this to kind of pick up a little bit in the back half, or is this kind of more of a steady kind of recovery over the course of the year? Thanks.

Ernst J. Teunissen  

Yes. Zach, thanks for that. With regards to Q2 and sort of margin, yes, we've indeed guided for Q2 to an overall consolidated adjusted EBITDA margin of approximately 20% of revenue.

We are investing in E&D significantly. That is marketing expenditure and building up some new capabilities in those areas as well, oriented towards growth in 2022, but also importantly, growth beyond there.

We've said in the past, we saved in – during the pandemic, about $200 million of fixed cost. We're investing some of that back, but the majority of that is sticking. Some is going back to inflation of cost. Some is going to investment, particularly in E&D, but the majority of it is staying on overall in the business. But we have increased our marketing expenditures, specifically in E&D. And that's led us to give the guidance for the – for both segments for the whole year is to say that we're expecting significantly recovering EBITDA margins, both for HM&P and for E&D versus 2021 in the full year of 2022. But for both segments, we don't expect to be just quite yet at the EBITDA levels that we were in 2019, but importantly, improving in both segments.

Stephen Kaufer  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

And the B2B issue?
And on the B – yeah, the B2B.

Oh, sorry. And on the B2B business. So, I think, there’s a couple of factors going on there. So, for our media business, for which we’re very ambitious and some of the questions were asked before about our new CEO and his capabilities, media is a business that is a historical strong suit for Tripadvisor and has significant potential going forward. But it's been slower to recover than other parts of the business during the pandemic and now into the quarter, it's upper funnel marketing, and that's been slower to come back. But we expect that to eventually recover and grow as we go back.

On the direct-to-hotels business, the subscription business being found on Tripadvisor, advertising on Tripadvisor for those businesses on a subscription basis, that business has been robust in the – because it's a subscription business, robust in the pandemic, but now that the market is coming back strongly in March-April, we see that business improving, but not as much as other parts of the business.

That's two factors. One is we're rebuilding the sales force really out of the pandemic to be able to sell new subscriptions that has a bit of a lag time because you bring on new sales people and they have to be trained up and then they have to start selling and – but that, we believe, by the end of the year, we will have the sales force replenished and firing on all cylinders and that is a strong business that we have high ambition for going forward as well.

The – both our hotel B2B business and our media business were double-digit growers from 2018 to 2019, significantly impacted by the pandemic, but strong businesses, and we believe when they're back on the path, they will continue to be growers for us.
And I guess is the step-up in sales and marketing the result of having to get your sales force going back door-to-door to sign on new customers. And if so, how do you see that dynamic impacting profitability for the segment over the course of the travel recovery? And I'm also just curious if you have any initiatives to build a more robust self-serve offering to accelerate the margin improvement over time?

Ernst J. Teunissen  

Yes. Great questions. it's different for TheFork and for Viator. So TheFork, the sales and marketing expenditure leans to sales, sales force acquiring new restaurants, signing up new restaurants. The business has lost some restaurants in the pandemic and has to replenish some of it, but it is not a huge factor. We're coming from behind from where we were in 2019, a number of restaurants, but it's not a dramatic difference.

But we have ambitious goals to continue to grow our restaurant base, new countries where we were relatively under-indexed like Germany and the UK, where we made an acquisition just before the pandemic and also in existing markets getting deeper into tertiary, quaternary (sic) cities. And so, there is still growth to be had there. Some recovery from lost restaurants, but not that dramatic.

On Viator, it's different. There, the mix is very much skewed to marketing to non-people marketing – external marketing expenditure, both on Google and other online channels. So, more variable in nature in that particular part of the business. There, we have not seen a major impact of loss of supply in the pandemic. Acquiring more supply is not a huge priority. We have a lot of supply.

We spent a lot of the 2017, 2018, 2019 years of building our supply base very aggressively, and we have a supply base second to none, and we're pretty happy with what we have. We're always adding, of course, but it's not a big part of our cost growth. Our cost growth in Viator is very focused on the front-end, improving our front-end points of sales and in marketing.

John Colantuoni  
*Analyst, Jefferies LLC*

Great. And it sounds like Experiences benefited a bit from continued strength in North America. As Europe continues to improve, can you just talk about your supply strength in that region? And how you see the European travel recovery impacting that business? Thanks.

Stephen Kaufer  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Yeah. Pre-pandemic, actually Europe as a destination for Experiences was larger than the US as a destination. So, we've historically been very strong. From a point-of-sale perspective, we have been much stronger in the US – English speaking in general, US, UK, Australia. But from a destination perspective, Europe has always been very, very strong and very important for us. And that changed in the pandemic in 2021. The US as a destination was really important to us.

But as I just – as I said in my opening – or to – answer to one of the questions, actually, in April, Europe as a destination crossed over again and was actually at par with or a little larger, more recently than the US as a destination for Experiences. And as I also said, US travelers going to Europe, which is an important – was historically an important part of our experiences business actually is above 2019, as well from a sales perspective in April. So, Europe is coming back very strongly. And Europe is an important destination market for us.
We still have room to grow in Europe as a point-of-sale and we’re making good progress there and have ambitions going forward for 2022 and beyond to make Europe as a point-of-sale, even more important to us. But as a destination, it's always been up there.

John Colantuoni  
*Analyst, Jefferies LLC*

Thanks for details. Appreciate it.

**Operator:** Our next question comes from the line of Lloyd Walmsley with UBS. Your line is now open.

Lloyd Walmsley  
*Analyst, UBS Securities LLC*

Thanks. I'm wondering if you can just talk a little bit about how Matt is thinking about reviewing the strategy. Anything you can share on how from a process standpoint under new leadership, what that might look like? How the Board is thinking about that? Then a lot of different irons in the fire, just wondering if there's anything from a process standpoint you can help us with?

Stephen Kaufer  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Excellent question. I can't help you too much as he hasn't really started yet. Obviously, with our onboarding procedures, we're getting him up to speed on the business. I can share that he is very focused on identifying, clarifying, improving, focusing on that strategic piece. What are the core differentiators for Tripadvisor vis-à-vis our upstream competitors, our downstream clients, who are also looking to address the same needs of the same travelers and leveraging the tremendous assets that Tripadvisor has in terms of trust, in terms of guidance or position in the ecosystem and the ton of first-party data that we have being the largest travel site on the Internet, obviously, from Trade Desk, Matt comes with a ton of experience looking at data through that lens. So that's really quite a big business.

To the subscription question earlier, I mean, he launched subscriptions as part of Dow Jones and Wall Street Journal. So, he's got relevant experience in a number of the different areas. And, of course, it will be up to him and the amazing leadership team we have here to craft out that – kind of that next strategy clarification and the changes that he might want to [ph] way. (00:41:27) So, great question. I'd encourage you to give him more than just the next earnings call to get back to everyone on it.

Lloyd Walmsley  
*Analyst, UBS Securities LLC*

Okay. Thanks and good luck, Steve.

Stephen Kaufer  
*President, Chief Executive Officer & Director, TripAdvisor, Inc.*

Thank you.

**Operator:** Our next question comes from the line of Vince Ciepiel with Cleveland Research. Your line is now open.
Vince Ciepiel  
*Analyst, Cleveland Research Co. LLC*

Great. Thanks. A question on E&D. The revenue progress there has been really impressive. And it sounds like it’s tracking ahead of expectations for the year, but the margin outlook is unchanged. So, I guess, when you have more revenue and unchanged margin, it kind of also implies that you're adding back some additional fixed costs. I think, E&D was probably about half of the $200 million of fixed cost saves that you guys saw through the pandemic. And now it basically looks like you’re adding all of those back in 2022. Can you help me understand if that is the case or if I'm missing something there? And also help us understand what types of things you're spending on in 2022 that are different than what you were spending on in that segment in 2019?

Ernst J. Teunissen  

Yes, Vince, it's accurate that we are reinvesting some of the overage we see in the quarter, and therefore, for the rest of the year in E&D back into the business. Marketing oriented, the growth when you are acquiring new customers at levels that are immediately loss-making, but returning over a longer period means that if you are able to push harder on that, that will come at the expense of EBITDA. So that's part of what we're doing, continuing to push hard on that.

We're also investing in some new marketing channels that we've experimented with and so on the Experiences side, it's predominantly pushing more on marketing, which should translate into 2022 and 2023 revenue as well as an improvement in how we position, much less of a focus pushing even harder in Experiences on our people cost.

On the restaurant side, it's really steady as it goes. We're executing on the plan, and we're in line with the plan and not much changes to the plan as that we originally had. On the restaurant side, we are in 2022 compared to 2021, making investments in our people capabilities, in particular, both growing our restaurant base, but also improving some new products and services. We're particularly happy in that area with some of the more fintech-oriented products that we have been developing.

We've been pushing hard on the growth of TheFork PAY, which is an ability to through the app pay at a restaurant for consumers and for restaurants to integrate with, with great benefits for us long-term in capturing loyalty and for restaurants as well. And gift cards is another area that we're growing the ability to give gift cards to friends and family for restaurants, which TheFork is promoting as well.

That and numerous other initiatives are the focus there. Dining is a big category in Europe. It's relatively underpenetrated online compared to the United States. TheFork has a truly awesome market position in most of Europe with opportunity to grow its market share in the UK and Germany. And so, we're playing to win with that business in the European restaurant landscape.

Vince Ciepiel  
*Analyst, Cleveland Research Co. LLC*

Helpful, and a follow-up there. So it sounds like some additional marketing. I think that you had previously expected variable expenses in the segment as a percentage of the revenue, it looked pretty similar in 2022 as they did in 2021, but with a more – or with an additional push in marketing, are you now expecting that to be higher? A,
and then B, related to that, when you think about the long-term path for E&D margins, like, I think, I kind of calculate variable as a percentage of revenue is probably running over 50% now of sales, like, is there a long-term place where you think that can settle?

You talked about gross margins being pretty good there. I mean is this something that variable could get down to 30%, 35% over time and get closer to kind of where variable is as a percentage of sales that you see in HM&P? Can you help us understand that?

**Ernst J. Teunissen**  
Chief Financial Officer & Chief Executive, Viator, TheFork and Cruise Critic, TripAdvisor, Inc.

Yeah. With the sort of the lifetime dynamics and sort of repeat performance of cohorts and repeat improvements, we expect not only growth from acquired, we're not expecting and see – we're actually seeing a very strong growth on our free channels. We see strong growth of repeat bookings and revenue in our Experiences business. And that – over time, that part of repeat bookings will grow as a percentage over time, and will provide more leverage on marketing over time. That's sort of a clear impact of an LTV model.

And then secondly, we have a fixed cost base, but with the substantial scale that we're seeing fixed cost as a percent of revenue is coming down for Viator. And that's going to provide leverage going forward. So, if you take those two points together, that makes us basically confident that we have – we can show strong mid-20s to plus type of margins in that business.

For TheFork, that is a scale game as well. We're still growing the platform with high growth rates and the underlying cost structure there is favorable as well. With scale, will come attractive margins there as well. So, we look at both businesses and say, yes, though margins are not there yet at the level of potential, but that is really all – you can point really all to the growth strategy that we have in those two businesses. Underlying these businesses are both very, very healthy.

**Vince Ciepiel**  
Analyst, Cleveland Research Co. LLC

Thanks, Ernst. Nice to see the top line progress in E&D and thanks for the color on the [indiscernible] (00:48:05).

**Ernst J. Teunissen**  
Chief Financial Officer & Chief Executive, Viator, TheFork and Cruise Critic, TripAdvisor, Inc.

Thank you.

**Operator:** There are no further questions at this time. I'll hand back the call over to Mr. Steve Kaufer for closing remarks.

**Stephen Kaufer**  
President, Chief Executive Officer & Director, TripAdvisor, Inc.

Well, thank you. Let's see, and – so these being my final remarks on what is my final earnings call as CEO of TripAdvisor, I want to thank you all and all of our employees, past and present, for your continued support of this amazing business.

Over the past 22 years, we've built a passionate community of travelers that helps hundreds of millions of travelers and diners every month, enabling them to plan and have a better trip. Along the way, we've helped
millions of businesses, even the tiniest ones in the remotest corners of the planet to find their audience and grow via the global reach of our platform. The idea of Tripadvisor was a good one, clearly, but the real success of Tripadvisor belongs to the thousands of people who invented it, built it, ran it, evolved it, and turned it into the most popular travel site on the internet. A special thanks to all of you who helped build this company.

At Tripadvisor, we believe in the power of travel to do good. I have a sign in my office, it’s a quote by Mark Twain that reads, ”Travel is fatal to prejudice, bigotry, and narrow-mindedness.” I truly believe that travel can be a positive force that brings us closer together and a partial antidote to the many divisive issues in the world today. And for Tripadvisor, this is a special company that will always hold a special place in my heart.

It is also a company with a terrific future ahead as we are only a few chapters in on this remarkable journey. I’m excited to hand the reins over to Matt and the entire Tripadvisor team to invent the next chapter Tripadvisor and help bring the world closer together.

Thank you. Thank you all for the privilege of leading this amazing company.

Operator: This concludes today’s conference call. Thank you for participating. You may now disconnect.