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# Booking Holdings, Inc. (BKNG)

## Q2 2020 Earnings Call





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# MANAGEMENT DISCUSSION SECTION

**Operator**: Welcome to Booking Holdings Second Quarter 2020 Conference Call. Booking Holdings would like to remind everyone that this call may contain forward-looking statements, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guaranteed of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed, implied or forecasted in any such forward-looking statements.

Expressions of future goals or expectations and similar expressions reflecting something other than historical fact are intended to identify forward-looking statements. For a list of factors that could cause Booking Holdings' actual results to deliver materially from those described in the forward-looking statements, please refer to the Safe Harbor statements at the end of Booking Holdings earnings press release, as well as Booking Holdings most recent filings with the Securities and Exchange Commission.

Unless required by law, Booking Holdings undertakes no obligation to update publicly any forward-looking statements whether as a result of new information, future events or otherwise. A copy of Booking Holdings earnings press release together with an accompanying financial and statistical supplement is available for the For Investors section of Booking Holdings website, www.bookingholdings.com.

And now I'd like to introduce Booking Holdings speakers for this afternoon, Glenn Fogel and David Goulden. Go ahead, gentlemen.

## Glenn D. Fogel

*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

Thank you and welcome to Booking Holdings second quarter conference call. I'm joined this afternoon by our CFO, David Goulden. We felt the full impact of COVID-19 during the second quarter with reported room nights, which includes the impact of cancellations, declining 87% year-over-year. Newly booked room nights excluding the impact of cancellations declined 68% in the quarter. The high cancellation rate of pre-COVID bookings which we witnessed in March and April combined with the overall weak travel demand environment significantly impacted our revenue and EBITDA this quarter. Revenue declined 84% versus last year and we recorded an adjusted EBITDA loss of $376 million, the first time we have produced a quarterly EBITDA loss since 2001.

We witnessed the greatest negative impact from the virus in April as newly booked room nights in that month declined over 85% year-over-year. After April, room night trends have steadily improved with newly booked room nights in July declining about 35% year-over-year. The improved booking trends were primarily driven by domestic travel with international trends seeing much more limited improvement. In July, we reached slightly positive year-over-year growth for overall domestic newly booked room nights, though, of course, there are many countries that still have negative year-over-year growth rates.

In addition, it is an obvious point that our domestic business is benefiting from prohibitions and restrictions on international travel, which forces consumers who want to holiday to travel domestically. While almost all of our global markets showed improvement through the quarter, Europe and the United States had the highest contribution to the improved domestic booking trends. As a reminder, a very high percentage of our new bookings have been made with flexible cancellation policies and may be cancelled in the future. And as we see new outbreaks of COVID-19, cancellations may increase again.


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While we are pleased to see signs of recovery in domestic travel, we want to emphasize that it is impossible to tell how the coming months will unfold. Unfortunately, many areas of the world continue to have very high infection rates and in some regions, they are dealing with new outbreaks after having significantly lowered their infection rates. As a result, after a period of relatively steady improvement in many geographies in recent weeks, we are seeing these growth rates worsen in some countries. We continue to believe that in order to recover to pre-COVID levels, we will need to have a vaccine or effective treatment, which will take time to produce and distribute globally at the scale needed. We are pleased to have recently read news about progress on this front, but we believe it will be years and not quarters before the travel market returns to pre-COVID volumes.

In those countries and regions where shelter-in-place rules were relaxed and economies reopened, we witnessed booking trends improve quickly. We believe part of this initial burst of demand is due to people's pent-up desire to go somewhere after being in a lock-down situation. It also demonstrates people's deep desire to travel, providing it is safe. Throughout this initial reopening phase, we have seen new customer booking and travel patterns emerge. In line with our growth in domestic travel, we are seeing that bookers are choosing to stay closer to home and are more interested in less urban areas than pre-COVID. The share of these types of bookings on our platform has increased meaningfully this quarter.

We also see that our customers are booking more alternative accommodations than in the past, which often have the benefit of reduced potential interaction with other travellers. In Q2 Booking.com alternative accommodations represented about 40% of all new bookings in the quarter. We've also seen increase in travellers' booking stays with more flexible cancellation policies due to the uncertain travel environment we currently face. Our platform is well positioned to capture these travel demand patterns due to our very capable marketing teams, global footprint, extensive accommodation choice and diversification of cancellation policy and rate types.

We have adapted our marketplace to operate more efficiently in this new travel demand environment to benefit both our supply partners and customers. We are working closely with our supply partners so that they can more effectively market on our platform to capture the growing travel demand. As our partners seek assistance to better respond to these new domestic and intraregional demand patterns, we are working to provide more information and advice as to the nature of the demand and offering the best programs on our platform that will help them capture this demand.

We are also helping our partners more effectively communicate and showcase the steps that they have taken to increase their own health and safety protocols at their properties, something we know travellers are keen to understand in order to make informed booking decisions. Finally, we continue to extend our payments platform to more of our supply partners and it remains a key initiative for us this year. Developing merchant capabilities has valuable benefits for both our supply partners and bookers.

As we discussed on our Q1 earnings call, we articulated a series of plans to help navigate the company through these challenging times. First phase was focused on stabilizing the business in the initial stages of the crisis, which included supporting our employees and increasing our cash position. The second phase was focused on optimizing the business for the expected decrease in travel demand over the next few years. The final phase has focused on positioning the business to capture travel demand as it develops so that we can emerge from the crisis on a strong footing and extend our leadership position. We completed the stabilization phase and are now working through our optimization phase. These actions have allowed us to lay the important groundwork that will set us up to emerge from the pandemic in a position of strength.


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During our optimization phase, we assessed our total cost structure and developed plans to align it with expected market demand over the next few quarters. We completed this work at KAYAK, OpenTable and Agoda in the second quarter and recently completed it at Priceline in July. The restructuring charge we took in the second quarter only relates to the rightsizing activities at KAYAK, OpenTable and Agoda. These actions had the effect of reducing head count by approximately 22% across these brands, including some furloughed employees. While the cost savings net of restructuring costs will be modest this year, we expect that these cost reductions will produce over $80 million of annual personnel savings.

With respect to Booking.com, we have further developed our intentions for the appropriate level of personnel and other cost reductions in light of expected business levels. Booking.com is in the process of consulting with its works councils and employee representatives and working through local labor regulations in the countries where we operate. We hope to finalize our plans and to have more definitive moves over the coming months. We expect that up to about 25% of Booking.com's global workforce could be impacted by these actions.

We expect that business functions most closely tied to transaction volumes will be impacted the most at this time and subject to our consultation with the Dutch works council, employee representatives and other organizations, we estimate that these cost reductions at Booking.com could produce annual personnel savings between $250 million to $300 million. This preliminary estimate may change, and we will update you in the coming months on the expected restructuring costs associated with these reductions. It is our hope to make all announcements to employees about these cost reductions by the end of 2020.

In conclusion, we have learned from when we could not travel how important travel is to our lives. Whether to see family or friends or to explore new places and cultures, travel is fundamental to who we are. Our wish list campaign, which drew on insights from millions of customers liking accommodations they would want to visit, affirmed the innate desire and demand they will always endure for travel. This campaign reiterates the energy and passion that we know remains for travel.

This has been a challenging quarter, and we've had to make some very difficult decisions. We believe it will take years for travel to fully recover, but I have great confidence in our employees and our capabilities, and I could not be more proud of how our entire team has handled themselves during these trying times.

I will now turn the call over to our CFO, David Goulden.

## David Ian Goulden

*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

Thank you, Glenn, and good afternoon. I'll review our operating results for the second quarter and provide some color on the trends we saw through the quarter and into July. All growth rates are relative to the prior-year comparable period unless otherwise indicated. Information regarding reconciliation of non-GAAP to GAAP can be found in our earnings release.

Now on to our results for the quarter. In our last earnings call in May, we discussed the trends we saw early in the second quarter, including a year-over-year decline in newly booked room nights of about 85% in April. As a reminder, newly booked room nights exclude the impact of cancellations. April ultimately proved to be the low point for newly booked room night declines in Q2 as we saw a steady improvement in both May and June, driven by increasing levels of domestic travel.

Domestic room night declines improved steadily in Europe, North America, and across Asia. However, we saw less improvements in the domestic declines in South America, Middle East, and Africa. Newly booked room nights


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for the full quarter declined about 68% as we exited the quarter down about 50% in the month of June. Our Q2 reported room nights, which include impact of cancellations decreased 87% for the full quarter. Reported room nights in June declined by about 55%, improving from an over 100% decline in April when we received more cancellations than new bookings.

We saw a continued improvement in the cancellation rate since April as we worked through [ph] the weighted (13:20) cancellations for bookings made prior to COVID-19. Although we are now getting closer to pre-COVID levels for cancellation rates, this improving trend could easily reverse if we see continued outbreaks of the virus on new impositions of travel restrictions, especially considering the very high percentage of our recent bookings that are being made with flexible cancellation policies.

Gross bookings declined 91% in Q2, which is greater than the decline in reported room nights due to the average daily rate for accommodations decreasing about 35% year-over-year on a constant currency basis. Note that the high-level cancellations in the quarter significantly distorted ADRs. As a point of comparison, our newly booked ADRs excluding the impact of cancellations declined year-over-year by only a couple of percentage points in Q2, and increasing rates of bookings in the high-ADR markets like the US and Western Europe helped largely offset the pressure of the broader lodging industry ADR declines.

Consolidated revenue for the second quarter was $630 million and decreased 84% year-over-year. Revenue in the quarter was less negatively impacted than reported new room nights and gross bookings due to the fact that some of the cancellations we received in Q2 were for check-ins that are expected to occur in later quarters. This dynamic created by cancellations in the quarter also substantially increased the ratio of revenue as a percentage of gross bookings in the quarter.

The substantial reduction in revenue contributed to an adjusted EBITDA loss of $376 million in Q2. While we made significant reductions in our variable expense lines like marketing, sales and other, our more fixed expenses decreased to a lesser extent in Q2. As Glenn mentioned, we've taken actions across the quarter to reduce operating expenses as we optimize and align our cost structure with the new demand environments. However, the cost benefit of these actions were not fully realized in Q2, and the cost reductions net of restructuring charges are expected to be modest in 2020.

Marketing expense, which is a highly variable expense item, decreased 85% year-over-year as we saw a significant reduction in demand in the paid channels. In addition, we substantially reduced our brand marketing spend in response to the diminished travel demand environments. We expect our marketing spend to remain significantly below 2019 levels for the remainder of the year. Sales and other expenses decreased 47% year-over-year due primarily to a reduction in expenses associated with payment transactions as well as lower outsourced customer service costs as we moved through the quarter and needed less support in processing with reduced levels of cancellations in May and June.

Bad debt and other credit losses were up about 25% year-over-year in the quarter. However, we saw a far smaller increase in provisions in Q2 than what we recognized in Q1. We expect sales and other expenses will continue to be down year-on-year in the second half of 2020. However, the extent of this decline will be impacted by the level of volume we see in the business. Personnel expenses decreased 18% year-over-year on a non-GAAP basis primarily due to a $100 million benefit from government aid packages primarily in the Netherlands and the UK.

Currently we do not anticipate further material benefits to personnel expenses from the government aid in future quarters. We expect personnel expenses in the second half of 2020 will decline less than we saw in Q2 as we will no longer see the benefit from government aid. We expect the personnel cost reductions we made in Q2 at


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Agoda, KAYAK and OpenTable plus the reductions we made early in Q3 at Priceline to reduce over $80 million of annualized personnel savings starting in the second half of 2020.

As Glenn mentioned, we have further developed our intentions for the appropriate levels of personnel at Booking.com and are in the process of reviewing these potential reductions with works councils, employee representatives and other organizations. We estimate that the potential cost reductions at Booking.com could produce annual personnel run rate savings between $250 million and $300 million. And because of the processes we have to go through at Booking.com over the next few months, we expect the majority of these savings will not be realized until 2021. As Glenn mentioned, we'll update you on the estimated costs of achieving these savings as soon as they're available at which time we'll file required amendments to our 8-K.

G&A expenses decreased 43% year-over-year largely driven by reduced discretionary spend such as T&E and other personnel-related expenses as well as lower office expenses due to employees working remotely. We expect that G&A will continue to be down meaningfully year-over-year in the back half of the year. However, the level of decline may be less than what we saw in the second quarter. Information technology expenses decreased 1% year-over-year due to lower outsourced data center and cloud costs. We expect IT expenses will remain roughly flat versus the prior year in the back half of the year.

Finally, we've broken out restructuring charges separately in the operating expenses in the P&L. The $34 million in restructuring charges we recorded in the second quarter only relates to the rightsizing activities at KAYAK, OpenTable and Agoda. I would note these restructuring charges are included in our non-GAAP results. On a GAAP basis, we incurred an operating loss of $485 million in Q2. We recorded GAAP net income of $122 million in the quarter as we benefited from an $835 million pre-tax gain on our equity investments, primarily related to our investments in Meituan. This gain was partially offset by $55 million of FX remeasurement losses on our euro bonds. We excluded these gains and remeasurement losses from our non-GAAP results.

Now on to our cash and liquidity position. Our Q2 ending cash and investment balance increased to $13.4 billion from a March ending balance of $9.2 billion, primarily due to the $4.1 billion bond and convertible note offering we completed in early April. Our long-term investment balances benefited from the $835 million gain on equity investments in the quarter I previously mentioned. These increases to our cash and investment balance were partially offset by the $1.2 billion cash settlements of one of our convertible notes in June.

We have $122 million in positive operating cash flow and $52 million in positive free cash flow in the quarter. Changes in working capital were a source of about $300 million of cash in the quarter compared to an $820 million use of cash in Q1. The improvement from Q1 was largely driven by a Q1 prepayment of taxes in the Netherlands of about $720 million that was subsequently refunded in April. The small reduction in Q2 relative to Q1 in our deferred merchant bookings and other current liability balances were mostly offset by a small reduction in our accounts receivable balance in the quarter.

Our improvements, our improved liquidity position is the result of efforts we took to stabilize our business with the immediate shock of the crisis. We'll continue to focus on a strong liquidity position given the high level of uncertainty created by the COVID pandemic. As a part of these efforts to bolster our liquidity, and consistent with our comments last quarter, we've halted our repurchases of stock and we will not initiate repurchases until we have better visibility into the shape and timing of a recovery.

Now, on to our thoughts for the third quarter. Consistent with our approach last quarter, I'll not provide full quarterly guidance, but will instead provide you with some color on our preliminary July results, which will help you get a better sense of recent top-line trends. As Glenn mentioned, our newly booked room nights in July were


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down about 35% year-over-year. Of course, these new bookings may be cancelled in the future especially as very high percentage of new bookings continue to be made with flexible cancellation policies. The year-over-year decline in reported room nights in July was about 45% which is worse than our newly booked room nights decline in the month as the cancellation rates remains above prior levels.

Bookings for the full third quarter may vary from July's results depending upon the level of travel demand and cancellations we experience in August and September. We expect gross bookings in the third quarter will decline year-over-year by several percentage points more than our reported room nights due to negative pressure on local currency ADRs. And we expect that revenue declines in the quarter will be roughly in line with what we see in gross bookings. We currently expect adjusted EBITDA will be positive in the third quarter given the trends we're seeing in our business so far through July as well as the fact that Q3 is our seasonally strongest quarter. This expectation is based on the assumption we do not see a meaningful increase in travel restrictions or shelter-in-place rules or a decrease in consumer willingness to travel as a result of continued or increased COVID outbreaks in the quarter.

As we've noted, we've seen an improvement in our newly booked room night trends to continue into July largely driven by domestic travel. Our newly booked domestic room nights increased slightly year-over-year in the month of July for the first time during the COVID pandemic. Domestic room nights represent over 70% of our newly booked room nights in both Q2 and July, up significantly versus 2019, which was about 45%. Our Booking.com, its domestic, alternative accommodation, newly booked room nights increased nicely year-over-year in July and its domestic core accommodation newly booked room nights were down slightly. We continue to monitor other changes in Booking.com's customer booking behavior. We have seen the length of the booking window begin to return to prior-year levels in June after expanding versus the prior year in both April and May.

Mobile bookings, particularly through our app, continued to gain share in the second quarter and July, and finally, we continue to see greater than 50% of our newly booked room nights come to us through the direct channel. On a regional basis, Europe and the United States have been the largest contributors to the improvement in newly booked room night trends since April. However, as Glenn mentioned, in the past weeks, we've witnessed a plateauing or deterioration of new booking trends in several places that have seen increasing outbreaks of COVID-19 cases including Spain, Belgium, Australia, Japan, Vietnam, Taiwan and the US.

We've also seen an associated increase in cancellation rates in many of these places. These recent trends are a reminder we're still in the very early days of a fragile recovery that will likely be uneven for some time to come. As Glenn emphasized, this has been a challenging quarter that involved some very difficult decisions and a number of other actions that will ultimately help us optimize our business with the expected level of market demand. We have confidence that through these actions, we'll be well-positioned to come out of the crisis and extend our leadership role in the global travel marketplace.

With that, we will now take your questions.


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# QUESTION AND ANSWER SECTION

**Operator**: [Operator Instructions] And your first question comes from the line of Kevin Kopelman with Cowen.

### Kevin Kopelman
*Analyst, Cowen and Company*

Q

Great, thanks a lot. Appreciate the update and all the details on July, could you talk about what you're seeing from your data in terms of market share, whether you're taking market share based on those July numbers and if so, what are the key drivers there? Thanks.

### Glenn D. Fogel
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Hi, Kevin, it's Glenn. No, we don't go around trying to [indiscernible] (25:58) we think our share is up or down obviously you probably have a very good idea to what you think of our competitors and where they are. I will say what David said is we are pleased with what we saw in July and I think what's very, very important, everybody keep in mind that this is a very volatile recovery and the countries that David went out and listed that we have seen increased outbreaks, that was not a complete list. We'd use up the entire time if we listed every single place that have seen places that are suddenly having increases in COVID. So, I would caution again just what David said, yes, we are pleased with what we saw in July, but we have to be careful about the future.

### Kevin Kopelman
*Analyst, Cowen and Company*

Q

Thanks and then if I could ask one other question on the cost cuts, you mentioned $250 million to $300 million in personnel, is that a good number for kind of overall cost savings or what would that number look like if you included all the actions you've taken across the company to cut back?

### David Ian Goulden
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

Yeah, Kevin, we gave you two numbers. We gave you $80 million annualized for the brand apart from Booking.com and then $250 million to $300 million for the potential savings of Booking.com based upon all the process [indiscernible] (27:15) that we talked about. So, those would directly impact the personnel line. So, those we've broken out.

We've mentioned in some many other areas of the business our expenses are down, but we haven't really worked through all the details exactly what those are going to as we focus upon our employee-related costs first. Obviously with less people, there will be less expenses that come with it in the other areas. And as we work through those plans as well, we'll make them available, but the biggest change is going to be the personnel cost.

### Kevin Kopelman
*Analyst, Cowen and Company*

Q

Thanks, David. Thanks, Glenn.

**Operator**: Your next question comes from the line of Lloyd Walmsley with Deutsche Bank.


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Q

Hi, this is [ph] Chris (27:54) on for Lloyd. Can you just first walk about the performance of your alternative accommodation business in the quarter and July, just curious if that was growing and, yeah, whether or not you guys are testing new distribution channels in the quarter.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

So, [ph] Chris (28:13), one of the things I think – and let me go with the Q2, that 40% number that I gave in my opening remarks, and as we said, that is an increase, it's a big number compared to what we had seen in the past. And it's something that we're pleased but, of course, we all I think have a good sense of what's going on, and that is a change in demand because people's concern about being in a large group in a hotel lobby.

I think the thing that we really have to think about is what do we think about in the future, is this a momentary thing or is this something that's going to continue long term or not? And I'll say one thing that we talked about this in the past is how we want to continue, [ph] this is one for (28:55) COVID, that we wanted to continue to build our alternative accommodations and that we thought it was an important thing for us to continue to build out all the types of alternative accommodations. And we recognize that we are probably short in certain types particularly the single property, the home-type property and we want to continue to build that.

And we also talked about we thought that we were perhaps under-indexing in terms of awareness in certain geographies like the US, for example, and we want to continue to improve upon that. So, we're going to do that, and we certainly are going to use every single marketing channel we can to get that information out to consumers that we have a great product. And that is something that they can look to us to get a great deal, and that's something that I think is important. I am very pleased, of course, with the numbers we saw, but I also like the fact that we are perhaps the – unique in the terms of all the types of accommodations we are able to provide throughout the world, and that's given us I think a great opportunity going forward.

Q

Got it. And if I could just squeeze in a quick follow-up here. Just thinking about marketing ROIs here, could you just talk about what you guys are seeing in the performance marketing channels? Yeah, it looked like you had gained a lot of share in trivago and I was curious if there are any other channels you guys were seeing similar results.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Well, I think I'll confine myself to saying, we're always looking for high-quality traffic at the right price. When I say high quality, I want to covert well, I want to go low probability of cancellation, I want it to come back to us later directly, and that's what we're going to continue to do and we've always done that, and there's no change from our previous way to run our business.

Q

Got it. Thanks.


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**Operator**: And your next question comes from the line of Brian Nowak with Morgan Stanley.

### Alaxandar Wang
*Analyst, Morgan Stanley & Co. LLC*

Q

Hi this is Alax Wang on for Brian. First question, can you just talk to us about the new growth opportunities like the US or any destination and areas you're focused on to improving the go-to-market strategy particularly in the US?

### Glenn D. Fogel
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Alax, you're asking what is our – just in general, just say it again, our go-to-market in the US, you're saying?

### Alaxandar Wang
*Analyst, Morgan Stanley & Co. LLC*

Q

Yeah, that's right, your ability to sort of maybe improve sort of the brand and then growth opportunities in the market like the US and any difference in the go-to-market strategy?

### Glenn D. Fogel
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Yeah, okay. So, we have said this in the past and I will repeat it even more so now, we think the US is a great opportunity for us. We think we are under-indexed. We've got a great product, as I was just saying, all types of accommodations and with what we're building with our Connected Trip, we think we're going to offer an incredible value proposition to consumers. So, we are absolutely excited about the long-term future.

[ph] I believe (31:48) right now, yes, people are traveling a little bit more certainly than they were in April. But we all know what the situation is right now. And what you don't want to be doing is spending a lot of money pushing out a brand message if people are not listening to it because they are not ready to travel or they can't travel. So, we want to be careful about that. So, I think we're going to have to wait until we have a healthier environment where more people are ready to listen to that message before we're going to start spending money on it.

### Alaxandar Wang
*Analyst, Morgan Stanley & Co. LLC*

Q

Got it. And just as a follow-on with the reported or expect sort of reduced head count at Booking.com, can you give more color around areas of the company that you're looking into here, particularly given I think Booking.com has been run pretty lean in the past and then just sort of higher level, how does this change your investment priorities beyond hotels now compared to where they were pre-COVID?

### Glenn D. Fogel
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

So, we made very clear in our discussions with our employees, our works council, our employee organizations and everyone will have to have these conversations with, as you know, there are different regulations around the world in terms of different types of conversations to have. We made it very clear that the higher wage is going to be on volume-related positions because our volumes are way down, those are the ones. And I made it very clear how much I believe in the future of the Connected Trip, the investments we're making, the things that we believe in the long term will give us a competitive advantage over everybody. And I think I'd be doing the wrong thing if I say we should stop trying to invest in those areas. I think they're important for the long run and, yes, this is a


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terrible time right now and, yes, our financials are being hurt by this, but that to me does not mean we should stop investing in our future.

### Alaxandar Wang
*Analyst, Morgan Stanley & Co. LLC*

Q

Great. Thanks, Glenn.

**Operator**: Your next question comes from the line of Eric Sheridan with UBS.

### Eric J. Sheridan
*Analyst, UBS Securities LLC*

Q

Thanks so much for taking the question, maybe two if I can. Glenn, curious what you might be doing in terms of investing on the supply side during a period of lower demand, as you said, the mixed shift moving towards to alternative accommodations just [ph] on the degree on (34:00) what people wanting to book. Is there anything you're doing in terms of changing some of the strategy of partnering on supply or trying to bring supply on against the demand environment you find yourselves and that's number one.

And then maybe on the buyback, I know you need to see a better environment to come back to the capital return policy, can you give us a little bit of sense of what that environment might have to look like what should we be looking for from the outside and that you would need to see in the business before you're back to returning capital. Thanks so much for any color, I appreciate it.

### Glenn D. Fogel
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Sure, I'll take the first one and I'll let David talk about our potential capital turns at [indiscernible] (34:35) in general. So, one of the things we've talked about in the past a great deal is if there was a recession what's going to happen in terms of the supply relations, would they be more willing to lean in with us? Would they be more open to conversations on what we can do? And what we've been seeing and it's pretty much what we thought would happen is that when demand goes away and supply is looking for demand, they're looking to do it any way they can and they are open to a conversation that perhaps they weren't in the past.

So, our teams are out there talking with on the supply side and whether it be alternative accommodations properties or it's the big hotel chains or anybody who is in our business, right now, they need demand and they're looking for can you supply to me. So, our teams are coming up with great and different ways to try and provide something that will help them, because we know, look, we're in the center of the two-sided marketplace. We've got to do good for both sides and that's what we're doing right now. And I think we're making progress with it. We're having some very good conversations that [indiscernible] (35:39) may not have had in the past, but I think that in the future we will hopefully have this long-term better relationship with some of our partners as we continue to develop ways that we show is a win-win for everybody.

### David Ian Goulden
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

Yeah, and Eric on the buyback side, just elaborate a little bit upon what I said. So, I said we certainly would not initiate until we have better visibility into the shape and timing of a recovery. So, what do we mean by that? We mean having better certainties to what the future looks like and when it's going to happen and what the shape of the recovery is going to look like. Nobody is predicting a V-shaped recovery, now I think that's not what people are looking at.


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But we're looking at some period of uncertainty right now. Until we figure out more about what's happening with the vaccine and how that would impact people's comforts and then, of course, there's economic impact of the COVID crisis and what that does to people's ability to travel and spend money, so all these things go into it. So, there's not a single milestone to look for, but if you ask me to characterize the environment in which we would consider reinitiating capital returns, it would be an environment where we had much more visibility and confidence into the shape of the future.

**Eric J. Sheridan**
*Analyst, UBS Securities LLC*

Q

Great. Thank you.

**Operator**: And your next question comes from the line of Naved Khan with SunTrust.

**Naved Khan**
*Analyst, Truist Securities*

Q

Yeah, thanks a lot. Glenn, can you may be shed some light on the mix of direct versus paid bookings, I think historically has talked about how [indiscernible] (37:13) already crossed 50% mark, how does it look today and do you think that maybe an elevated level of direct bookings can continue to occur in a go-forward basis or would you think of that as a temporary shift and then I have a follow-up.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Sure so, when we've said this, and we will continue to say how important we believe is direct booking is really where we want to be. The future does provide such great value that our customers once they learn about this great value, they come back to us directly. They don't really think about going somewhere else. And through the Connected Trip and building up all different types of, let's say, lower-friction-type ways to travel, then it makes it so that we are the first thought always. I'm not sure David if you want to give any more color where we are now. I'll let him do it, but I will say this is something that is important to us.

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

No, I think, Glenn, as we said, we continue to be over 50% direct, but I think there's some important things that are driving that which are good indicators. We mentioned them briefly a little bit on the last call as well. I mentioned in my remarks earlier that we continue to see the app being an important contributor because that is really our stickiest kind of touchpoint with our customers because that is not only a place you go to book travel, but increasingly, it's where you interact with us during the travel experience, which is very important as well. And we also see, as we mentioned last quarter, we also see things like an increasing percentage of mix from our Genius customers this quarter as well.

So, these are positive things that correlate long term to a higher mix of direct bookings. And just this ability to create, as Glenn said, a few times at Connected Trip where you're not just booking with us and then going on the trip, but you're really booking multi-verticals, interacting with us during the trip, we're providing things like dynamic customer support, et cetera, very different environment into the future, which is obviously powered by big data, machine learning, AI, et cetera. So, we think these are important signs that we're moving in the right direction.


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**Naved Khan**
*Analyst, Truist Securities*

Q

Great. And the follow-up I had is really just to clarify the domestic mix you gave us, Glenn, 70% domestic, how does that treat EU, do you treat it as a single entity or are you looking at country levels.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Yeah, we're going – it's a country domestic. We sometimes look at our regional, intraregional, but if you're an Italian tourist and you went to France, that's not a domestic travel.

**Naved Khan**
*Analyst, Truist Securities*

Q

Got it. Thank you.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

David just to confirm.

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

Correct, correct. Exactly right.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Domestic is domestic. Got me a little scared there.

**Operator**: And your next question comes from the line of Deepak Mathivanan with Barclays.

**Deepak Mathivanan**
*Analyst, Barclays Capital, Inc.*

Q

Great. David, can you help us quantify the pressure on new bookings from the mix shift towards domestic, ADRs obviously on a comparable basis are lower in various markets. But are there any other variables either from consumer spending less or staying fewer nights that will keep the bookings growth kind of below the trends on new room nights. And then what would – what is the equivalent dollar bookings comparable metric for the down 35% in room nights during the month of July? Thank you.

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

I'm going to ask you to clarify the second part Deepak but let me answer the first part. So, yeah, there's obviously many moving parts with ADRs this quarter. As I mentioned for newly booked room nights, the ADRs are actually in total only off a couple of points even though there's a mix shift always within that to domestic. So we see a number of things going on. What we see – in some cases, obviously, some people are substituting what would have been an international booking for a domestic booking and those can potentially be higher ADRs because historically international travel typically resulted in higher ADR and longer stay. And to the extent that some of that is substituting into domestic that could be helping our ADRs on a country-by-country basis. Because in some of


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our core countries in Europe we actually saw ADRs up quite meaningfully in the quarter. So there's a number of mix-related things going on within the whole ADR environment. And as I said, essentially flat to down couple of points in total in the quarter despite the fact that we know that like-for-like there are certainly ADR pressures in the marketplace. And Deepak I missed the second part of your question, can you just repeat that please.

**Deepak Mathivanan**
*Analyst, Barclays Capital, Inc.*

Q

Yeah, no, I was just going to ask how should we think about the down 35% in room night on an equal and dollar bookings basis, is that to your point, should we view that as fairly close.

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

No, well, in terms of, well, no there's still going to be an ADR pressure on that so what we said was we're down 35% in July in-room nights on a newly booked basis, down 45% on a reported basis, the cancelation rates running a little higher than they were last year. And then a few points more than that down in terms of gross bookings and revenue.

**Deepak Mathivanan**
*Analyst, Barclays Capital, Inc.*

Q

Got it. That's very helpful, great thanks David.

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

Thanks.

**Operator**: Your next question comes from the line of Doug Anmuth with JPMorgan.

**Dae Lee**
*Analyst, JPMorgan Securities LLC*

Q

Hi, this is Dae on for Doug, thank you for taking the questions. First one, talk about the profile of the people who are still traveling, for example, would you consider them to be avid travelers [indiscernible] (43:09) they're traveling despite all that is happening or just people who are traveling because they have to and could you just tie that to how important you think it is to gain shares early in the recovery?

And then secondly, for David on the fixed-cost side given your comments about cost savings being more volume related, should we expect these costs to come back with volumes returning and do you think margins will look meaningfully different when volumes return to pre-COVID levels?

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

Why don't you take the first one and I'll take the second part.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Yeah. I will take the first one. So in terms of profiles, I have not looked in any sort of customer segmentation recently in terms of the write-down. So I can't speak specifically in terms of deep data on the profiles but I would


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say that it would not surprise me if I did it now, next week that it will show not that different in terms of what it was pre-COVID. People still want to travel. People still sometimes have to travel, sometimes very voluntarily, the shape is – the change is where they're traveling and how they're traveling. So, for example, because people can't as I mentioned, can't travel internationally from the US to Europe, let's say, what is happening, those people are traveling domestically and we've seen that in terms of people very much so wanting to travel close to home at first because they want to be able to drive there, because they're concerned about getting on a plane.

But in terms of the actual different types of customers within it, I don't think I've seen much of anything, except for one thing that I think is very, very critical to talk about and that is business travel. Now we have always been a much more leisure-oriented company and we all know from businesses that we work in that business travel has been significantly curtailed or stopped and what does that do? Well, certain properties, certain supply chains, for example [indiscernible] (45:03), that are no longer able to get that high ADR revenue and that, of course, is helping in terms of a distributor like us because we have leisure customers to help fill those things. Now, how long will this go, it is a long-term trend.

I think that this could be helpful to us, it may be helpful to us in the long term as the shift from business to leisure continues for a long time, we will be in a better position with our supply partners because we're able to provide them with what they need which is heads in beds.

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*
A

Yeah, and on the cost side of things so, yes, we said the majority of the personnel reductions will be in volume-related functions. Obviously those will over time come back, we look to continue to drive efficiency in many of those areas through our business over time through automation and other areas, so they don't necessarily have to come back dollar for dollar but as volumes return they will come back. And in terms of our expectation for the longer term, when we get to pre-COVID levels, which as we said is not a matter of quarters but it is a matter of years. We expect the business to have very attractive margins when demand fully recovers. All things being equal, we expect to have industry-leading margins in the long term. Obviously, the business in the future will look a little different than it did pre-COVID, for example, we're building out new products like Air, which will be dilutive to margin rate, but will also be important to our business owned strategy and the connected trip and selling more accommodations. so there will be puts and takes but we expect to have industry-leading margins in the longer term.

**Dae Lee**
*Analyst, JPMorgan Securities LLC*
Q

Great. Thank you both.

**Operator**: And your next question comes from the line of Stephen Ju with Credit Suisse.

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

Okay. Thank you. So Glenn is the nature of the personnel reductions going to be, I guess, evenly distributed across your focus regions or are you planning any geographical exits of the business as a whole. And I guess in a roundabout way I'm trying to ask about your plans to go after the China outbound opportunity and also just following up on the connected trips, you recently signed an agreement with TUI I believe to distribute their content, so where are you in the integration process and how will this be presented? Thanks.


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**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*
A

Yeah, so two separate questions. So in terms of, again, we're having our conversations with our foreign partners, works councils employee organizations, et cetera and having going through the said Booking.com and the key thing we mentioned is how a lot of this is volume related so where the volume is most effective is going to end up having a higher-weighted impact that's just the way it's obviously going to happen. I don't think you can – we certainly are not purposely coming up with a strategy change. We believe that it's important for us to be able to provide travel services throughout the world, as the leader in the world, we want to maintain that.

In terms of our agreement with [indiscernible] (48:12) I think that's why you're talking about TUI, correct?

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

Yes.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*
A

Right. So we think the traction is an important part of that connected trip theory and strategy that we talked about. And the faster we can get different types of attractions up and running and available to our customers, the better. And whether we do the connection ourselves or we go out and we partner with somebody or we buy somebody, wherever it is, we want to get that stuff up so we can provide that value and [indiscernible] (48:42) is a great partner, they had a proposition, we decided to join up and we are now live in a certain number of cities and we are going to continue to build that out.

And I believe that this is one of those things that will help really provide value. When somebody's traveling and they use that app that David mentioned, more people use the app, and when you're in a location and you're able to just one touch be able to go to an attraction, I think that's a convenience and we'll be able to provide that value a price differential, I think that again will give us a competitive advantage. But we've got to have the supply first, of course.

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

Thank you.

**Operator**: Your next question comes the line of Justin Post with Bank of America.

**Justin Post**
*Analyst, BofA Securities, Inc.*
Q

Great. Thanks for taking my question, I apologize if it's already been asked. But just thinking about hotel recovery and hotel industry as they try to get back on their feet, first, how do you think about air capacity and are the airlines going to be even more dependent on leisure travel or is there going to be a little bit of a less capacity out there.

And then, secondly, as the hotels really go-to-market and start filling their rooms, thinking about maybe 2021 or 2022, what advantages offering discounts or promotions on booking could they have versus maybe going to


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Google or your competitors? How are you thinking about really, I don't want to say taking advantage, but really building Booking out as a great place to go to find deals and help hotels fill inventory? Thank you.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Yeah, so I mean, two separate things. So, in the first thing about airlines, and I was just talking about the potential long-term change in business travel which would, of course, impact the financial structures of a lot of airlines that make a lot of their profits when everybody is up in the front of the plane, now that's not there, what's going to happen.

On the other hand, though, we all know that places like Ryan Air have been extremely successful, and Southwest extremely successful long term with not having any very high – very expensive first class or business class product. Overall, I believe that this could be a change in terms of leisure does become more important, and that does again, as I said, tilts favorable to us because we are a more leisure-oriented company.

In terms of the hotels, as I said, I don't – the same type of thing with some of the – some of our partners who are more dependent on the business traveler and as they continue to even come back, recover, it's going to – for some of us going to be a little harder because we're not going to get that very high ADR businessperson. And they will be looking for someone like us. And you mentioned that going to Google Direct or any – hotels are going to do anything they can – any which way to get demand. And if it's cost effective, they will do it.

Over the years, we have established something that actually is more cost effective, that is an easier way, and for most of the hotels around the world, they cannot get anywhere near our capabilities to bring them demand from around the world. They don't operate the number of languages we do, they don't do the customer service in those languages. They don't have the sophisticated machine learning. They don't have all the things that I could, I could list so many, that we do and we do it in a fraction of the cost that it would cost them if they even need tried to do that. So it's financially advantageous for them to work with us to get that demand.

And as the biggest demand platform in the world for travel, there's no hotel in the world that's going to say, well, gee, I just don't want to do that. No, they're going to – they'd do that, and if there is a marginal benefit to going to another channel, they'll use that too. But I'm not concerned about hotels not coming to us even more so nowadays.

**Justin Post**
*Analyst, BofA Securities, Inc.*

Q

Thank you, Glenn.

**Operator**: And your next question comes from the line of Mark Mahaney with RBC.

**Mark S. F. Mahaney**
*Analyst, RBC Capital Markets LLC*

Q

Okay. Thanks. Two questions, please. Glenn, have you seen any impact from the cutback in performance marketing spend by Expedia in the North American market? Does that – so have you seen interesting dynamics or is the overall just dramatic decline in travel demand just making that impossible to really call out?

And then I want to ask a long-term question about – I think if you hadn't have had COVID this year, there would have been more evidence that Booking was building out kind of an operating system for lodging worldwide. I think


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that was part of your strategy, payments, website development, et cetera. If I interpreted it right, and I think I did, could you talk about like how far – how much that's been pushed back because of this COVID crisis and your thoughts on if we're – if we can possibly look out two or three years, how far you are towards building an operating system for lodging and globally? Thank you.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

Hi, Mark. So I can't comment much about Expedia or what they're doing. So I'm sure you see what Google puts out in terms of numbers, et cetera. We're pleased with what we're doing, it's the same strategy we've had, we're looking for high-quality traffic, we're trying to do it. It's harder now for us just in terms of the models we used in the past obviously are not as valuable now because cancellations are so affected by government changes. And it's a more difficult thing, we're trying to do it the way we've always done it, it's not doing anything foolish. But I really can't talk about Expedia's strategy or what they're doing.

In terms of the operating system, so we're not really building an operating system in terms of going out and trying to build a PMS for hotels, that's not our idea. What we want to do is provide a very integrated benefit for the hotels that makes it so they're getting great value out of things that we're doing with them.

So, for example, you mentioned the issue of building websites for hotels. That's been pulled back significantly. That was something that is no longer being pushed forward. What we are doing, though, is working with them as we build out our Connected Trip, for example, let's go with ground transportation, and working with them perhaps in a way that they don't have a way for their customers to get there from the hotel.

Well, certainly we have a way with our customers who come to us first to book, but we can also work with them, so if a customer booked with some other distributor, God forbid or interact, we can still create something that would enable them to also be part of that to get in that ground transportation and such. So I think that's more the orientation.

Now you talk about how much it's been pushed back, yes, of course, things have been pushed back, and I think that you could almost work it by the number of months that we have these kinds of situations with demand so far down as the number of months that we've been pushed back. But I did make that point about that was asked about the workforce reduction and stuff, we're not stopping on investing, we're still investing, and we're still pushing forward to create this Connected Trip because that will be our competitive advantage down the road.

**Mark S. F. Mahaney**
*Analyst, RBC Capital Markets LLC*

Q

Okay. Thanks a lot, Glenn.

**Operator**: And your next question comes from the line of Daniel Powell with Goldman Sachs.

**Daniel Powell**
*Analyst, Goldman Sachs & Co. LLC*

Q

Great. Thanks for taking the questions, two if I may. On the first one to come back to the direct-bookings proportion, you said that it was still about 50%. I guess, could you describe some of the puts and takes and reasons that number might not be moving higher for you during this period where suppliers and competitors might be more constrained from a marketing perspective and from a scales perspective?


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**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

So, hypothesize why, it's not a higher number. I'm not going to try and do that, I'll say that we're pleased with where we are with our direct-bookings, we want to continue to increase it. We've seen our app downloads to be increasing nicely, we've liked – we've seen that and liked that. We're going to continue on the steady pace that we're on, certainly we could have increased it perhaps if we were willing to spend a huge amount of money on brand marketing, but I made the point about why that would not be the most efficient use of our money, it would drive up perhaps the direct-bookings a little bit but at an incredible cost. So we always want to make sure that we're getting the right bang for our buck so to speak, and we're pleased with what the pace we're going at.

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

Yeah, I would just add that, when things are on the level they are right now, I mean we're talking when things are down over 80%, I mean, we're talking about mixed numbers now on much, much reduced volume basis. So I think we have to wait and see how this plays out, we're still confident that we are moving in the right direction and then, as Glenn said, there are many puts and takes when things are moving as rapidly as they are with volume levels as they are.

**Daniel Powell**
*Analyst, Goldman Sachs & Co. LLC*

Q

Thanks that's really helpful. And then the second one with the shift to alternative accommodations and the relative strength that you're seeing there in the business. Is there anything from a modeling perspective we should be looking out for, their tailwinds, the take rate or their higher customer service and payments related costs or what are some of the things that we should look out for there?

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

Yeah, we've said a couple of things about the alternative accommodation business. AS you know, historically they've had low operating margin, not because of the take rate difference, but because basically the reasons that you just mentioned, there are typically more touchpoints which we've been doing a lot of work to automate. So we are definitely been working to close that gap, and have been closing that gap.

And, of course, alternative operating at a nice healthy profit margin throughout 2019. So there are some mix shift differences. There's not a massive gap between the two segments but there is a difference, maybe again due to touchpoints but things we'll be working on. So it's not a trend that we are particularly concerned about, it doesn't in total make a big difference to the operating margins. And as Glenn said we're uniquely positioned. So as demand fluctuates because we believe that this push towards alternative is certainly happening when people feeling less safe about travel, when people feel more safe about travel, potentially things might normalize and then we're in a great position to continue to work on all aspects of the accommodation marketplace.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

And there's one thing long term that we are thinking deeply about is because this style of accommodation has seen this increase by, I would imagine, many people have not used it before, and they have now found it to be, it's not so bad, I like this. So in the long run there could be a lot more demand for this. It's sort of, let's say, accelerated a trend that's been going on for a long time. But what that means, though, there will be a change in the supply side in the long term.


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And you'll see many, many people in the accommodation business perhaps who previously had not or just tipping their toe and creating this type of accommodation, the alternative accommodation will be putting investment capital into it. And it becomes more and more professionalized and as this becomes more and more professionalized that will help lower the frictions, lower those costs, and I believe what David was just talking about, the difference in terms of the operating margin which we're already seeing close tremendously will close even more so.

**Daniel Powell**
*Analyst, Goldman Sachs & Co. LLC*

Q

Got it. Thanks so much for the detail.

**Operator**: And our last question comes from the line of Lee Horowitz with Evercore ISI.

**Lee Horowitz**
*Analyst, Evercore ISI*

Q

Great. Thanks for taking the question. Just one. I wonder if we can dig in a bit on the July trends across Europe. David you had talked about deterioration/plateauing in countries like Spain or Belgium, but Glenn mentioned kind of some of the other regions in the area. Is it fair to think that the region as a whole continues to improve.

And then Glenn you talked about the demand pull forward for alternative accommodations I guess is it fair to think that you're looking at this as perhaps a stickier trend, a structural shift that's being perhaps pulled forward from COVID or do you think it's mostly just a sign of the times, thanks so much.

**David Ian Goulden**
*Chief Financial Officer & Executive Vice President, Booking Holdings, Inc.*

A

Yeah, let me answer the room night growth question – trend question firstly. So what we saw in July in Europe was continued improvements. So we saw continued improvement in June and into July in aggregate, as I mentioned we called out a couple of countries where we are seeing things toward the end of July slow down or go down a little bit, but in aggregates July was up for newly booked room nights compared to June in Europe. Whereas in the US the biggest improvement was in June and then things actually basically flattened out in July in the US. So Europe where things were still improving, in the US they flattened out with June and July being about the same.

**Glenn D. Fogel**
*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

A

So, Lee, I'm not sure I'd say a – I don't think it's a step change I suppose, but it's just an extension of a long-term trend. And when you think about some of the other trends that have been happening, that have been accelerated, the idea of staycations where people say, okay, I don't want to go to work on a Friday, I'm going to take a long weekend around a place or something like that. And now with so many people who have learned that they can work remotely, that increase in that, I'll take Friday off and go down to the beach or get something like an alternative accommodations on the mountains or whatever.

I see all those trends accelerating, and that really helps that alternative accommodations, because if you're going to take a couple of days away from work where you are working but you're not at work, you want something more than a double-occupancy hotel probably, you may want a separate room that you could do your work from. So all of these things are coming together. So I think it is something that is going to – it's accelerated already, I think it's


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going to continue for a long time and we feel pretty good about the fact that we are very well-positioned and continue to grow out our alternative accommodations, at the same time for the people who want that hotel, they want the resort, they want somebody else changing the sheets, we've got that too.

So I think for me we're looking good for the future as travel comes back which we know it will. It always has. It always will, and the more we read about some of these vaccines perhaps coming in the not-so-distant future we're pretty positive about the long term.

### Lee Horowitz

*Analyst, Evercore ISI*

Q

Great. Thank you both.

### Glenn D. Fogel

*President, Chief Executive Officer & Director, Booking Holdings, Inc.*

Thank you. So I want to just give you some concluding remarks. And I just have to absolutely thank all of our employees again. I think we've been working so hard since the beginning of this crisis, helping our partners, helping our customers in these incredibly difficult times, doing it from home. The near term may be volatile, it's going to be volatile as I just said. I am so confident though about the long-term value proposition that we're putting together. And I'm absolutely focused on the steps we're taking today to make sure we have a better company tomorrow. So please everybody please be safe and goodnight.

**Operator**: Ladies and gentlemen, this concludes today's conference call. Thank you for participating and you may now disconnect.

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