



CEO and CFO Prepared Remarks for 1st Quarter 2025

NORWALK, CT – April 29, 2025

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CEO Prepared Remarks - Glenn Fogel, Chief Executive Officer and President

Thank you, and welcome to Booking Holdings' first quarter conference call. I am joined this afternoon by our CFO, Ewout Steenbergen.

I am pleased to report a good start to 2025. We saw healthy growth in room nights and gross bookings, as we benefited from our geographical diversification. When travelers choose to alter their destination preferences, our global network of partner suppliers is a valuable asset. Our solid topline results combined with our continued focus on driving disciplined management of our fixed expenses helped us deliver strong bottom line outperformance in the quarter. Aside from our near-term financial results, I am excited about our teams' continued progress in advancing our strategic priorities. I am also excited about our continued work to incorporate AI technology in multiple ways across our platforms, which will continue to position us well for the long term.

Our first quarter room nights of 319 million – the first quarter we have ever exceeded 300 million room nights in a single quarter – slightly exceeded the high end of our prior expectations and grew a bit over 7% year-over-year. First quarter revenue of \$4.8 billion grew 8% year-over-year, and adjusted EBITDA of about \$1.1 billion increased 21% year-over-year. Both revenue and adjusted EBITDA exceeded the high end of our prior guidance ranges. Finally, adjusted earnings per share in the quarter grew 22% year-over-year.

At the start of the second quarter, we are currently seeing stable levels of global leisure travel demand despite rising geopolitical and macroeconomic concerns. Ewout will provide further details on our first quarter results and our thoughts on the second quarter and full year.

While we are encouraged by our first quarter results and the relative stability of trends we have seen so far in the second quarter, we fully recognize the current geopolitical and macroeconomic uncertainty, and concerns about the strength of consumer demand. However, we believe our global diversification, substantial liquidity, strong free cash flow, and historical record of executing effectively position us well to navigate potential changes in the environment.

And regardless of potential changes in the near-term, I remain confident in the long-term outlook for the travel industry given the importance of travel to consumers and, as we witnessed as we exited the pandemic, people's deep desires to experience the world. We will continue to drive our business for the long term while remaining focused on what we can control today to deliver value to our travelers and supplier partners. Value from advancing our strategic initiatives such as increasing the Alternative Accommodations available to our travelers, enhancing our Genius offering, building towards our Connected Trip vision, and further innovating our AI capabilities. And we will do this while managing our operations with the effective and disciplined approach we have demonstrated throughout our history.

Partners / Alternative Accommodations

Focusing on our supplier partners, we remain committed to being a trusted and valuable partner to all of the accommodation properties on our platforms. We do so by delivering incremental travel demand and developing products and features designed to support the success of these businesses, many of which are small independents. In times of economic uncertainty, we believe the incremental demand that we can deliver to our partners is even more valuable, and this presents an opportunity to work closely with our partners to make sure they are well positioned on our platform. For example, we can share booking pattern data with a property partner and suggest options that may help that property better capture demand.

We are also leveraging AI technology to better help our partners whether it's using GenAI at Booking.com to provide suggested responses to traveler questions that come into a property, or through the development of an AI Partner Assistant to help a new partner navigate the onboarding process. We'll continue to build around opportunities where we can utilize this technology to provide additional value to our partners. We believe these efforts can be particularly helpful for those small and independent businesses with which we are partnering who can now more easily access the data and AI tools that we are providing.

One of the results of our continued focus on driving value to our partners is the increasing number of partners making their accommodation supply available on Booking.com. With growth across both traditional hotels and alternative accommodations, Booking.com's total accommodation listings reached about 31 million by the end of Q1. For alternative accommodations at Booking.com, listings at the end of the first quarter were about 8.1 million and increased 9% year-over-year with growth in every major region. We believe the increase in accommodation choices for our travelers helped contribute to solid alternative accommodations room night growth of 12% in the first quarter.

Travelers / Genius

Turning to our travelers, the breadth of supply choices I just mentioned help us to better deliver a comprehensive planning and booking experience and are one of the important benefits we offer to our travelers. We are laser focused on driving value to our travelers just as we do for our supplier partners, and I am pleased to see this focus helping Booking.com achieve growth in new travelers as well as repeat travelers in the first quarter. In addition to the growth in travelers, I am encouraged to see that more travelers are choosing to come to our platforms through the direct booking channel, which grew faster than room nights acquired through paid marketing channels in the first quarter.

Another important way that we can deliver benefits to our travelers is through Booking.com's Genius loyalty program, which provides discounted pricing and other mostly supplier-provided benefits to our travelers. This

program also helps to connect more elements of travel as we have extended this program beyond accommodations into other travel verticals. We are encouraged to see more of our travelers continuing to move into our higher Genius tiers of Levels 2 and 3, which represent over 30% of our active travelers. These Genius Level 2 and 3 travelers have a meaningfully higher direct booking rate and a higher booking frequency than the rest of our travelers.

We believe AI technology will also play an important role in improving the traveler experience. For example, at Booking.com, we are continuing to learn from testing AI powered features including:

- Smart Filters that help travelers find relevant results faster
- Property Q&A that answers specific questions that wouldn't be addressed in a static listing, and
- AI Review Summaries that allow travelers to more easily sort through thousands of reviews

These are just a few recent examples but we plan to continue integrating AI across additional consumer-facing use cases over time.

Connected Trip

AI plays a central role in our Connected Trip vision as we aim to simplify the planning, booking, and travel experience, making it more personalized, seamless, and enjoyable. As we build towards our Connected Trip vision, we believe we are delivering better value to our travelers as well as our supplier partners. We saw Connected Trip transaction growth of 35% year-over-year in the first quarter, and these connected transactions continued to represent a high single digit percentage of Booking.com's total transactions.

Much of the work in recent years in building towards the Connected Trip vision has been in standing up the other travel verticals outside of accommodations, like Flights for example. With air ticket growth of 45% in the first quarter, we continue to see strong growth from our flight platform, which is an important component in many of our travelers' connected trips.

Outside of flights, we are pleased to have seen strong growth in our attractions vertical in the quarter, with attraction tickets increasing 92% year-over-year from a modest base. While the direct financial impact is minimal today, we believe continuing to enhance the attractions vertical allows us to offer our travelers compelling in-destination experiences.

Finally in dining, I'm excited by the progress the OpenTable team is continuing to make, including the recent establishment of a strategic partnership with Uber that will include developing integrations of their apps to offer dining reservation access and transportation options.

AI

When we think about an even more seamless and personalized Connected Trip experience, we believe that compelling AI-powered offerings, like a travel vertical-specific agent, will play a central role. We are highly focused on the many opportunities with AI and will continue the sophisticated work already happening across our company to integrate Generative AI into our offerings, some of which I mentioned earlier when describing their capabilities for our partners and travelers. We are seeing some of our AI offerings driving faster search, improvements in conversion, and fewer customer support contacts.

At KAYAK, the team just launched KAYAK.ai, which is its test lab for AI-first features with the aim to improve KAYAK's product to be even more personalized and conversational over time. Across the company, our teams are testing, learning, and innovating around how AI can be better incorporated into our offerings with more to come.

In addition to our own offerings, we are working with leading Generative AI organizations on their agentic developments. We were excited for several of our brands to be named as partners for OpenAI's Operator agent, Microsoft's Copilot Actions tool, and Amazon's Alexa+. While we are still in the very early days, we believe these

collaborations reflect our ambition of being at the forefront of this rapidly developing field and are consistent with our longstanding approach to work with different potential sources of new customer traffic.

We will continue to learn how travelers and partners prefer to engage with Generative AI across different touchpoints, and I remain confident in our positioning and am energized by the positive impact this technology is already having.

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In conclusion, I am pleased with the good start to the year and our teams' efforts as they continued to advance our strategic initiatives including our Connected Trip vision. While there is uncertainty around the near-term geopolitical and macroeconomic environment, we are confident in the long-term growth of travel and in the opportunities ahead for our company as we deploy Generative AI technology and aim to deliver an even better offering for our travelers and partners.

I will now turn the call over to our CFO, Ewout Steenbergen.

CFO Prepared Remarks - Ewout Steenbergen, Chief Financial Officer and Executive Vice President

Thank you Glenn and good afternoon.

I will now review our results for the first quarter and provide our current thinking for the second quarter and full year. All growth rates are on a year-over-year basis. Information regarding reconciliation of Non-GAAP results to GAAP results can be found in our earnings release.

We will be posting a summary earnings presentation as well as our prepared remarks to the Booking Holdings investor relations website after the conclusion of the earnings call.

Now let's move to our first quarter results.

Q1 Topline Results

Our room nights in the first quarter grew a bit above 7%, which was slightly above the high end of our guidance.

Looking at our room night growth by region in the first quarter, Europe and Asia were up high single digits, Rest of World was up low double digits, and the U.S. was up low single digits.

In the quarter, we observed notable changes in certain travel patterns. For example, we saw a moderation in trends for inbound travel into the U.S., particularly from bookers in Canada and to a lesser extent from bookers in Europe. However, we also saw an improvement in trends in other travel corridors, for example from Canada to Mexico, resulting in stable growth overall. These results demonstrate how our globally diversified business can help to mitigate country specific dynamics while capturing growth opportunities elsewhere.

While we saw a year-over-year increase in length of stay on a global basis, we saw a decrease in length of stay in the U.S., which could indicate that U.S. consumers are becoming more careful with their spending. We also saw some evidence of a bifurcated economy in the U.S. as higher star rating hotels appear to be more resilient than lower star rating hotels. We have not seen either of these dynamics in Europe.

On our key strategic initiatives, we continue to see encouraging progress in driving alternative accommodations growth, increasing the direct and mobile app mix of our bookings, expanding our Genius loyalty program, and growing our other travel verticals.

We continue to expand our alternative accommodations business faster than the overall business. For our alternative accommodations at Booking.com, our first quarter room night growth was 12% and the global mix of alternative accommodation room nights was 37%, which was up one percentage point from the first quarter of 2024.

We continue to strengthen our direct relationships with our travelers and increase loyalty on our platforms through our efforts to deliver value to consumers. Over the last four quarters, our B2C direct mix was in the mid 60% range, an increase from the low 60% range one year ago.

The mobile app mix of our total first quarter room nights was in the mid 50% range, which was up from the low 50% range in 2024. We continue to see that the significant majority of bookings received from our mobile apps come through the direct channel.

For our Genius loyalty program, the mix of Booking.com room nights booked by travelers in the higher Genius tiers of Levels 2 and 3 was in the mid 50% range over the last four quarters and this mix continued to increase year-over-year. These Genius Level 2 and 3 travelers have a meaningfully higher direct booking rate than our other travelers.

I'm also pleased to share that we delivered another strong quarter of solid growth across our other travel verticals. Over 16 million airline tickets were booked across our platforms in the first quarter, an increase of 45% year-over-year, driven by the continued growth of our flight offerings at Booking.com and Agoda. We also saw strong growth in attractions with tickets booked up 92% year-over-year off a modest base.

First quarter gross bookings increased 7% year-over-year or about 10% on a constant currency basis. The constant currency growth rate was approximately three percentage points higher than room night growth due to about two percentage points from higher flight bookings growth as well as an increase in constant currency accommodation ADRs of about 1%. The year-over-year ADR increase was impacted by a higher mix of room nights from Asia. Excluding regional mix, constant currency ADRs were up about 2% versus the first quarter of 2024.

The increase in gross bookings slightly exceeded the high end of our guidance, driven by less than one percentage point of benefit from changes in FX relative to our expectations. Constant currency accommodation ADRs and flight ticket growth were about in line with our expectations.

Q1 P&L Results

First quarter revenue of \$4.8 billion grew 8% year-over-year, which exceeded the high end of our guidance by four percentage points due to higher revenues from facilitating payments as well as less than one percentage point of benefit from changes in FX relative to our expectations.

Revenue as a percentage of gross bookings of 10.2% was slightly higher than expected due to the higher revenues from payments.

Constant currency revenue growth was about 10%. When normalizing for the year-over-year impacts of Easter timing and the leap year, constant currency revenue growth was about 15% in the first quarter.

Marketing expense, which is a highly variable expense line, increased 10% year-over-year. Marketing expense as a percentage of gross bookings was 3.8% and was about in line with our expectations.

Marketing expense as a percentage of gross bookings was slightly higher than the first quarter of 2024. Social media channel spend continues to scale at attractive incremental ROIs, while successful experimentation has led to improved performance in some of our traditional marketing channels. Those improved marketing channels helped drive increased booker volumes at comparable ROIs.

First quarter sales and other expenses as a percentage of gross bookings was 1.5%, slightly lower than last year despite the higher merchant mix, as higher payment expenses were offset by lower bad debt provisions and increased efficiencies in customer service.

Adjusted fixed operating expenses decreased 3% year-over-year, which was better than our prior expectation primarily due to lower G&A expenses that benefited from a \$17 million reduction of an accrual for certain

transaction taxes. Personnel expenses came in slightly below our expectations for the quarter due to a \$36 million reduction of a pension accrual. We continue to take a disciplined approach toward managing our fixed expenses.

Adjusted EBITDA of approximately \$1.1 billion grew 21% year-over-year and exceeded the high end of our guidance range by 28% largely due to the higher revenue as well as the better-than-expected adjusted fixed operating expenses.

Adjusted EPS of \$24.81 per share was up 22% year-over-year, similar to the growth in adjusted EBITDA as the benefit of a 5% lower average share count was offset by an increase in interest expense.

On a GAAP basis, net income was \$333 million in the first quarter and was impacted by a mark-to-market adjustment to the conversion option premium of our convertible note due May 2025, and an FX remeasurement loss on our Euro bonds, partially offset by a reduction in the accruals related to the Netherlands pension fund matter for 2023 and earlier years. All of these items were excluded from our adjusted results.

For the first quarter, we realized a very small amount of in-quarter savings from the Transformation Program, however, we have already taken actions that we expect will enable approximately \$300 million in annual run-rate savings, of which about \$150 million is forecasted to be realized this year, consistent with our prior expectations.

In the first quarter, we incurred \$32 million in transformation costs, which were excluded from our adjusted results. We continue to estimate the aggregate transformation costs will be about \$400 to \$450 million, which is similar to the run-rate savings we ultimately expect to achieve from the program.

Cash & Liquidity

Now on to our cash and liquidity position. Our first quarter ending cash and investments balance of \$16.1 billion was down versus our fourth quarter ending balance of \$16.7 billion due to about \$2.1 billion of capital return including share repurchases and dividends, a pay down of about \$1.5 billion for debt that matured in March, as well as about \$500 million in additional share repurchases to satisfy employee withholding tax obligations, partially offset by about \$3.2 billion in free cash flow generated in the quarter. Free cash flow in the first quarter benefited by about \$1.9 billion from changes in working capital, driven primarily by the seasonal increase in our deferred merchant bookings balance.

Q2 2025 Commentary

Moving to our thoughts for the second quarter. We have continued to see stable travel demand trends in our business so far in the second quarter and our guidance for the quarter assumes a continuation of those trends. However, we recognize the possibility that these trends could be impacted by the increased uncertainty in the geopolitical and macroeconomic environment and the subsequent potential effect on consumer spending and behavior, travel patterns, or our partners. We'll continue to closely monitor the travel environment for any changes.

Our guidance also assumes recent FX rates including the Euro-US Dollar at 1.14 for the remainder of the quarter. We estimate changes in FX will positively impact our second quarter reported growth rates by about four percentage points.

We currently expect second quarter room night growth to be between 4% and 6%, which includes a slight headwind from the calendar shift of Easter into April.

We currently expect second quarter gross bookings to increase between 10% and 12%, including a couple of percentage points of positive impact from higher flight ticket growth, partially offset by a slight impact from the calendar shift of Easter. We expect constant currency accommodation ADRs will be about flat year-over-year.

We currently expect second quarter revenue growth to be between 10% and 12%, including a benefit of about three percentage points from the calendar shift of Easter into April.

We currently expect second quarter adjusted EBITDA to be between about \$2.15 billion and \$2.2 billion, growing 16% year-over-year at the high end, which includes about seven percentage points of year-over-year benefit from the Easter shift.

Full Year 2025 Commentary

Turning to the full year 2025. Although we continue to see stable trends globally so far in the second quarter, we recognize that our business could be impacted by the increased uncertainty in the geopolitical and macroeconomic environment. Therefore we are widening the range of our full year expectations for constant currency growth. At this time, we expect constant currency growth of mid to high single digits for gross bookings and revenue and low to mid-teens for adjusted EPS. The high end of each of these ranges remains in line with our prior expectations and our long-term growth ambition. We continue to expect leverage in our marketing expenses and adjusted fixed operating expenses due to our disciplined management approach. Additionally, we also continue to expect to make targeted reinvestments across the organization of about \$170 million in 2025. At this time, we expect constant currency growth for adjusted EBITDA of high single digits to low double digits, and we expect our adjusted EBITDA margins to expand between 50 and 100 basis points year-over-year.

Assuming recent FX rates for the remainder of the year, we estimate changes in FX will positively impact our full year reported growth rates by about two percentage points versus the constant currency growth rates I just mentioned.

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In conclusion, we are pleased with our first quarter results and our team's continued execution toward our strategic initiatives. We remain confident in our ability to successfully navigate through the current environment and take advantage of new opportunities based on our low capital intensity, global diversification, and strong financial profile of the company. I would like to recognize the success of all our colleagues who are contributing to building a stronger offering for our travelers and partners that will position us well for the long term.

About Booking Holdings Inc.

Booking Holdings (NASDAQ: BKNG) is the world's leading provider of online travel and related services, provided to consumers and local partners in more than 220 countries and territories through five primary consumer-facing brands: [Booking.com](https://www.booking.com), [Priceline](https://www.priceline.com), [Agoda](https://www.agoda.com), [KAYAK](https://www.kayak.com) and [OpenTable](https://www.opentable.com). The mission of Booking Holdings is to make it easier for everyone to experience the world. For more information, visit [BookingHoldings.com](https://www.BookingHoldings.com) and follow us on X @BookingHoldings.

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