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TRIP - TripAdvisor Inc at Deutsche Bank Media, Internet & Telecom Conference

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CORPORATE PARTICIPANTS

Ernst Teunissen *TripAdvisor Inc. - CFO*

CONFERENCE CALL PARTICIPANTS

Lloyd Walmsley *Deutsche Bank - analyst*

PRESENTATION

Lloyd Walmsley - *Deutsche Bank - analyst*

Alright. It looks like we're going to get started here. Welcome. Good afternoon. I'm Lloyd Walmsley. For those don't know me, I cover TripAdvisor here for Deutsche Bank, have the pleasure of having Ernst Teunissen here. I want to thank you guys for coming. Hopefully, no questions on what an OTA is this year. But I'll kick it off with a set of questions and then later in the presentation, we'll open it up for audience questions. And so just kicking it off at a high level, maybe you can talk about kind of the business philosophy at TripAdvisor. Steve mentioned on the call that the Company's North Star helping users find in both the perfect trip, maybe you can talk about how much of the Company's decision-making process is involved around optimizing for user experience versus monetization, how do you guys balance that outlook?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Great and thanks for having us here today and we're enjoying this conference very much and great to get to know you over the last four months as well, doing a great job in following our Company. Yes, it is our North Star to really help our users have booked a fantastic trip. And as such, really what we are all about is we have as a starting point this phenomenal content and phenomenal user base, and we built that over time with a great experience for our users and we are clearly the number one site where to research a trip and to plan a trip. And we think that we can monetize that user base better than we have. And thinking about that, the commercialization and the monetization part of what you talk about, we think about, hey what if we could turn many more of those bookers into actually bookers and it keeps them on our site and to complete the booking on our site as well. What if we could have these users, and while they are on their trip, we could keep them informed of what else they could be doing on that trip, what attractions there are on the trip. What restaurants there are on the trip and could give them that benefit as well. That will be a great step for us toward better monetization, which is important. It is really about improving that user experience, and we think the monetization will follow that user experience. So if we can create an environment in which it is actually fabulous experienced to book on TripAdvisor, it's much more convenient to book on TripAdvisor. It's great to have this advisor with you, TripAdvisor with you when you're on your trip, so you can actually find out what interesting things there are to do, and if that can be done in a fun and seamless way of engagement with them, that will be a great user experience and therefore a great monetization. So to your question, how do we divide our time thinking about user experience and monetization, we see them really as single issue for us. If we improve the user experience, the monetization will follow.

Lloyd Walmsley - *Deutsche Bank - analyst*

Great. So looking at the low out of Instant Book, you're now pushing it into more international markets in what's a pretty quick rollout despite some near-term monetization headwinds. I guess why accelerate that rollout internationally instead of working on the US component getting that monetization a little bit higher. What's the philosophical - kind of pushing that so quickly?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, a few things there. First of all, this is for us a strategic move, Instant Booking. We're doing this because we think it will be better for the user experience long-term to have that ability to book on our site. We think it's therefore important, that we get that world out as quickly as possible. That all our users around the world are able to benefit from that and not just in the US. We're seeing although we still have a modernization gap in the US between for Instant Booking - It doesn't monetize still as well as Meta - we do see some very positive signs, we talked about on our public call, we talked about conversion rates improving. We talked about the repeat rates improving. We feel very happy with where we are, with having



eight of the ten big chains signed up where we are with Priceline on the Instant Booking side -- the signs over there, basic ingredients over there for us to say and now is the right time to roll it out everywhere and not just in the US despite the fact that we still have a monetization headwind.

Lloyd Walmsley - *Deutsche Bank - analyst*

Okay. I want to shift gears a little bit, you guys have kind of switched around your guidance philosophy obviously not too much of a surprise when a new CFO steps in, but maybe you can comment about how that new policy reflects, I guess, the predictability of the auction and the Instant Book launch.

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, you all saw that in 2015 that it's not always easy to predict our business, in general, and then especially with a rollout of Instant Booking we're now moving from having it rolled out in 50% of the markets, which is with the US and the UK represent for us in this area, in IB / Meta revenues for TripAdvisor the other 50% and so with that come a lot of decisions that we'll have to make along the way. We have some degrees of freedom here in how do we promote Instant Booking. How do we make the user experience that could have meaningful impact on how quickly it goes out and at what monetization it rolls out. And so we manage our business very clearly not on the results for 2016, but we manage it for longer-term. So as we think making these decisions along the way for Instant Booking, we're going to think about how does that impact our monetization and how does it impact our margins and revenues over a longer period, and not necessarily for 2016. So we may actually make decisions along the way that will be great for 2017-2018, but suboptimize 2016, and that's just how we think about the business. And so with that in mind and not being able to predict exactly what decisions we're going to take along the way, because it will depend on what we find as we roll this out, we didn't find it prudent to put out a specific revenue or EBITDA guidance range, because we're not going to be managing to it. And if we're not going to be managing to it, we don't want to put out those numbers and give you the impression that we're managing to it. What we're doing instead as you know is we've tried to be as helpful as possible in describing the shape of what we see with our revenue growth in the two segments, both in hotel and in the other segment throughout 2016, throughout the different quarters of the house and then into 2017 and I think that actually provides maybe a different kind of guidance, if you want to call that way, maybe additionally helpful way of describing the business. That's really what is behind it, it's managing the business for longer term and therefore not want to focus on a particular target for the end of the year, which is a year out now, but will be nine months out and six months out and three months out as we progress. And it's not just not how we manage the business.

Lloyd Walmsley - *Deutsche Bank - analyst*

Yes. Okay. And then, as you go through this short-term period of headwinds and the monetization, can you manage costs in the short-term to preserve margin or is it more just you're looking out the next couple of years?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

So the objective, then, just to follow the logic of that then, the objective is not to manage to a specific margin for 2016. So the last thing we want to do in that logic is cut good cost that we think are going to be helpful in generating long-term revenues and profits for short-term margin. And so we will not do it. If we find out that certain expenses that we have are not getting the return that we thought they would get, and don't have the same return expectation, of course, we would redirect those resources or cut those expenses, but we're not going to reduce expenses that are good for the long term just to hit a specific number for 2016.

Lloyd Walmsley - *Deutsche Bank - analyst*

Yes, okay. Well, wanted to jump into Instant Book, that's obviously where all the attention is. And first, can you just kind of give us an overview of what the big difference in monetization is? What is the big delta there in your mind?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

The business model obviously very different. On the Meta side, we get a revenue for every click; and on the Instant Booking side, we get revenue if the booking actually gets done and the stay consummated. And if you compare the two next to each other, we have pretty good insight on the Instant Book side in the components of that. So you can look at, hey, what is the booking value, then you multiply that with a take rate, a commission rate, you multiply that with a conversion rate. Then you get how much you've got for a particular click on Instant Book.

On the Meta side, that is not as transparent, we get some information from our partners. So we have some insight into what the conversion rates are that our partners get on the Meta side, it's not perfect information. But it's a reasonable information, but we have less information about what, for instance, their take rates are or their commissions are and we don't have perfect information in what their returns are that they make on that, as well. So we have to triangulate and look at that. But competitively speaking, and I said this on a public call, is we believe our conversion rates on the IB side are comparable to what we see on the Meta side, so that it doesn't seem to be a big difference. As I said, we don't have good insight into the commission rates that we get, we get healthy commission rates, we talked about the double-digit commission rates that we get in IB. Is it possible that we are the lower than what an OTA can get? Yeah, that is possible, so that could be one source of the difference, but again we don't have very good insight into it. The only thing we can really see is what is that monetization per click between the two and we see that there is a gap. What we are focused on in the near term is on conversion and repeat rates. So, these take rates, these commissions that are part of the agreements that we have with our partners in Instant Book. They are there for the medium term, of course. At some point, they will change, but they are relatively stable for the medium term and in the near term. What we're focused on is making sure our conversions get better. We have been able to improve our conversions, we see more scope to improve conversions. And then repeat rates and that's really, really important and a very part of our thesis here of plugging the leak is what we're looking for is making sure that if people book that they come back to us to book again. One metric we disclosed in the fourth quarter was that 10% of the bookings made on Instant Book are actually from bookers that have booked before us. So, it's the repeat booking and that's an important -- it's a small number, 10%, but it's off of a -- it's a new product and that number is obviously growing still and we are looking at that as a very good, healthy indicator of seeing, are we able to plug that leak which we see between the monetization of a user or a shopper that we have compared to what the larger OTAs have.

Lloyd Walmsley - *Deutsche Bank - analyst*

Great. So you have given some color in the last two quarters, I think you said in the third quarter, it was a \$10 million headwind and then in the fourth quarter, a \$9 million headwind, how do we interpret those numbers? I mean it's the seasonality in the rollout and thinking through all of that.

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes. So if you compare those numbers, you point out one correct variable here is the third quarter is typically a larger quarter than the fourth quarter. So, the \$10 million relates to a much larger total revenue number than the \$9 million did. And then, we have increased the coverage that we have with Instant Book. So, the UK for instance was only rolled out in a month of the third quarter and was rolled out fully in the fourth quarter. In the US, we improved our coverage throughout the fourth quarter as well and so you have to weigh those two. If you net that all out and you just say, on a like-for-like basis, the third quarter to the fourth quarter, there wasn't a huge difference in the monetization. So, we are improving the IB a little bit, as I said, over time, the conversion rates are improving, but that was not the -- the improvement was not a big driver between the \$10 and the \$9. It was mostly seasonality and just the math of how far rolled out were.

Lloyd Walmsley - *Deutsche Bank - analyst*

Yes. Okay, great. Digging into the conversion comments you guys have made, I think you attributed on your call, some of the conversion benefits to adding big partners like Marriott and Priceline, are you seeing a few kind of isolated into the oldest cohorts, are you seeing any conversion improvement outside of those ads, just within almost organically, if you will?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, we've had two sources. So, one, getting some of these larger partners on board have improved conversion, but the other component has been blocking and tackling around content improvements. Making sure that every hotel, every property that's on the IB gets better and better content and the content is in the form of photos, it's in the form of having a room grid with different room availabilities, what is the cancellation policy, what are the amenities and getting that information up as much as we can has been the big driver as well. And so if you look at between those two, it's both are important, probably roughly equal in importance.

Lloyd Walmsley - *Deutsche Bank - analyst*

Yes, okay. Digging into that a little bit, what are you guys doing operationally to really improve that content? One of the players in the space, sends hotel descriptions of the Vietnam, they get translated and optimized. Are you guys hiring an army of people or are you more relying on partners? How are you going to tackle that?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, we have a team that we scaled up significantly in the second half of 2015 for content improvement. We spent a lot of effort making sure the content gets improved everywhere around the world, compared to I guess some of the big OTAs, the scale at which we operator is still a lot smaller, it's just in a number of properties. But yes, we are scaling to meet that demand of being able to make the content as good as possible and to translate the content as well.

Lloyd Walmsley - *Deutsche Bank - analyst*

Yes, looking at it from your kind of native user-generated side, is there an opportunity as Instant Book grows to actually get user contributions tied to specific rooms and actually use user-generated content to improve that? Is that on the road map?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, that is definitely an opportunity. What we already have if someone writes the review, there is already an opportunity to upload photos, for instance. And so what you have is an ability for our users to add, not just written content, but also pictorial content to their reviews.

Lloyd Walmsley - *Deutsche Bank - analyst*

Yes, okay, great. Well, switching to kind of the leakage in the engagement a bit - how do you guys get confidence that over time, you'll be able to continue to get that conversion rate up? What are those markets or any data that you guys have that gives you real confidence that this is going to really take hold among users and monetize better?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes. So it's a number of things that we have highlighted is the improvements that we've seen so far in conversion, it's the repeat rates that we've seen so far. The overarching sort of thesis that we have with this which we so far are seeing evidence that it's starting to play out. The overall thesis though is that when you look at the number of users that we have, the number of shoppers that we have. and we look at the average monetization of that, the dollars we make for every user that we have for the 350 million unique users that come to our site every month and compare that to the big OTAs, and see what revenue they get for a shopper or a user, we're a fraction of that, really a fraction of that. That's the big opportunity and we see - and when we call a leakage - we see the leakage happening in a number of ways. It is if someone is on Meta and clicks through to one of the OTAs and doesn't immediately convert, but first goes away again, thinks about it, maybe shops around a little bit more, do we get the full attribution that we deserve when they finally do make the booking? The answer is - we don't think we get the full attribution. Then, if they have

booked there and book the next time, do they go through the TripAdvisor funnel again or do they go directly to an OTA? And so in that, there is leakage. And so what we are addressing with Instant Booking is reducing that leakage. So, that's the framework we have for this. So, there is large monetization difference and trying to get closer to what we see out there in the big OTAs as their monetization. Now, will we ever monetize as well as the big OTAs given the nature of our site? We don't know, maybe not, but even if we could get halfway there, that will be a huge improvement in our monetization per user. So, that's our overall framework and all these little pieces of information that we're seeing now about conversion rates improving, repeat rates are all early indications that it seems to be moving in the right direction of that goal.

Lloyd Walmsley - *Deutsche Bank - analyst*

Yes. Okay, great. And as you guys have migrated from originally the pop-ups to Meta and now IB, are you actually seeing more people monetize in some capacity. So, the percentage of hotel shoppers who either click on an ad or click on IB, is that generally rising over time as the product gets more user friendly and less spammy maybe in the old pop-up windows?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes. So, it's difficult to compare way back when to that period of time, because even the notion of clicking is different if you used to get pop-up windows, but if you compare so from Meta to Instant Booking, the first observation is that we're talking about getting shoppers, the revenue of a shopper up and it's in two stages. People come to our site and only a fraction actually clicks on a link here, clicks on a Meta link or an IB link. So, many people are there just researching hotels and don't actually click on IB or Meta, and that's the question that you're asking and that's a fraction of it. It's a little early to see a meaningful difference from IB in that. In 2015, it was roughly the same as 2014, maybe a little bit better, but it's still early days to point there. But that is part of what we're trying to achieve here is that more people are turning in from just being there to actually clicking on either our Instant Book or Meta.

Lloyd Walmsley - *Deutsche Bank - analyst*

Okay. Changing gears a little bit, you all have said you're pausing the TV ad budget to promote Instant Booking this year. Are there certain things that would actually cost money, perhaps might you consider providing discounts to users on their first booking, or was that pause not really redeploying money?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, so just for the broader audience perhaps as we spend a significant budget on television advertising in 2015, it was \$50 million in the first three quarters and we paused that at the end of the third quarter. The TV messaging was very much around getting people comfortable with booking on our site. So, the message was to book on our site. We've decided to pause that and focus our energy - now that we're making all this transition to these other markets - focus our energy on what happens on our site itself. So, we said rather than spending again an incremental amount of money on television, getting the general public -- educating the general public that you can book on TripAdvisor, why don't we start as we roll this out with a large user base that is already on our site, so it's not the problem that we have to get more users to our site. The problem is really get all these users to know that they can book and get comfortable with booking us. And so we've shifted our focus and attention on the site itself, which is with the user experience, with the messaging we have on the site, but also with promotional activities with giving some incentives to people who book for the first time or the second time. They are not huge ticket items and we're thinking about how we scale that going forward. But it's a change of focus. And so the TV budget is now spent part on this kind of activity, but it's also more generally focused on other SEM marketing activities.

Lloyd Walmsley - *Deutsche Bank - analyst*

Okay. And we touched on it a little bit earlier. But on the commission rates within Instant Book, how do you create kind of an auction-like dynamic? Is that just bringing on more partners? Can those rates creep up over time from what already are healthy rates, I guess at the double-digit level now?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, I think it's an open question how Instant Book will evolve over time. It's different from the auction than the very immediate and day-to-day auction we have on the Meta side, of course. It's now more medium-term agreements that we have with different partners and therefore it's a less day-to-day dynamic than the auction. Could that evolve over time as Instant Book becomes larger and the depth that we have in participants' Instant Book is larger? Maybe. It's one of the things that we will be looking at going forward.

Lloyd Walmsley - *Deutsche Bank - analyst*

Okay. And then, internationally, you guys have never monetized as well internationally as you have in the US. As you roll out Instant Book, do you feel like the gap between the monetization is that narrower in the international markets as you guys push that up?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

If you compare that in time right now because we've just pushed it out the markets and you should really compare it to what it was like when we started to push it out in the US and then I would say it's not that different. The gap in -- relative terms and I would converse it's not that different. It's better in the US right now because we've been at it longer.

Lloyd Walmsley - *Deutsche Bank - analyst*

Right, okay. Well, if there's any questions in the audience want to make sure they open it up, we do have a mic in the back. So if anyone has any questions, feel free to jump in. In the meantime, I'll keep going through my list here. Turning back to kind of the core Metasearch, there's been some volatility in pricing over the last year or so. Have you kind of seen that stabilize, any improvement there? Certainly Priceline and Expedia talk about a very strong market in general. Are you seeing any improvement in the core Meta pricing?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes. What we said publicly in 2015 is we saw really strong core Meta pricing in the front half of 2015 and a lower level in the back half of 2015. And so, as we're entering 2016, we enter at a comparatively lower level coming off of the back half of 2015. And so part of the description of the past in 2016 is we highlighted that on the meta side, we have as a result a higher comp in the front half of the year where we had these higher level of CPC levels, but we have initiatives in place to improve our CPC returns as well, as one of the things that sometimes gets missed with our focus and attention rightly everyone's focus and attention on what we're doing with Instant Booking is that we are also very actively evolving our Meta auction and trying to improve it. On our public call, we talked about retargeting for instance as one of the areas that we're focusing on. But there are other areas where we believe we can work with our partners to improve the effectiveness of the Meta auction for them and to improve monetization for us. So we have a number of initiatives in place throughout the year to work on that.

Lloyd Walmsley - *Deutsche Bank - analyst*

Okay. I think we have one in the back.

QUESTIONS AND ANSWERS

Unidentified Audience Member

What percentage of your traffic do you see coming in from the mobile platform?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

What percentage of, sorry?

Unidentified Audience Member

What percentage of your traffic or bookings do you see coming in from the mobile platform?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes. So from the mobile platform, if you look at the total traffic, it's close to 50%. If you look at shoppers, it's roughly 30%. But then, they monetize -- these shoppers monetize at roughly the 30% level. So it gives you an indication of where you could end up roughly in terms of revenue.

Unidentified Audience Member

So that means that it's a pretty important channel for you.

Ernst Teunissen - *TripAdvisor Inc. - CFO*

It's a very important channel, it's important to us for a number of reasons. So first of all, the trends are such that that is the channel that is growing the fastest. So in 2015, we had 10% shopper growth on desktop, 36% shopper growth on mobile. So you see that the channel is growing much faster. It's monetizing as I said 30% of desktop, but that was 19% a year ago. So we're catching up, we're improving the relative monetization rate every time and we expect to be able to improve it more. So it's where all the trends are going. It's for us strategically a very important medium, because in our vision of being relevant not just in the face of planning and booking, but also on the trip itself, mobile obviously is really important, and our engagement on the phone through our app, with people that are on a trip and being able to offer things that they can do while they're on the trip, attractions, tours or restaurants that they can go to is just really important to us. So we are very focused on mobile, very focused on making the experience better and better on the phone and make sure that we can follow the trend and continue the trend of improving monetization.

Lloyd Walmsley - *Deutsche Bank - analyst*

Alright. Thank you.

Unidentified Audience Member

Just on the mobile question, if you look at your mobile shoppers, what's the mix between the app and the browser, just ballpark?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, we have not made that public on the phone web and browser, and so I don't want to break that out here today. I'm sorry.

Unidentified Audience Member

Okay. And then the other one is as you think about the sources of your traffic and as your traffic evolves from desktop to mobile, how do you see that evolving over the course of the next year or two?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, as I said, shopper growth is faster on mobile than it is on desktop. We expect that to continue. So if you look at the number of shoppers, and the mix of it, you'll see a trend of that could be getting closer together and getting the number of shoppers closer to 50% as well. The revenues are still a small percentage at mobile, but that also we see growing. We're not calling here, we have not made a prediction of in which and how many years it takes for various things to cross over. For instance, in what year, would we expect that our revenues would be 50:50. But you can take some of those trends and extrapolate them as you would like, you could make your own estimation of when that would happen.

Lloyd Walmsley - *Deutsche Bank - analyst*

I guess the question is more just if you think about how the business model evolves in terms of maybe marketing as a percentage of revenue, as we shift to a world where it's more mobile, is that because it's app based to some extent? Does that cause you to have lower sales and marketing on a long-term basis as a percent of revenue?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Okay, got you. Yes. The use of the app would help us in that it would create a lot of sticky, returning non-paid-for traffic and we definitely see that as an opportunity, if that will our long-term marketing as a percent of revenue, is a different question. But we do believe that as a provider, that's relatively high in the funnel here, relatively top of the funnel, for the mobile, for app, but also for desktop, as we have access to a lot of inexpensive traffic as a result of that. We have a lot of users coming to us directly, and so we believe as we look out long-term, we believe that, that is going to be a lasting advantage that we have in terms of cost competitiveness for us as a platform.

Lloyd Walmsley - *Deutsche Bank - analyst*

Great. So, I'm going to harp in on that same topic. On the call, you said smartphone monetization is about 30% of desktop in terms of revenue per hotel shop or when you look at a market like the US where Instant Book has been out longer, is smartphone monetization meaningfully closer to desktop in a market like the US than it is overall? Anything you can share there?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Phone monetization as a percentage of the desktop monetization, it's not too far off, it's not too different in other markets. So it's not something, I would call out as meaningfully better.

Unidentified Audience Member

So, you are making improvements I guess both adding Instant Book and on the Meta side, on the phone. Is it like deep linking, is that something that's helped you guys improve monetization and --?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

And so, we are seeing, if you compare between mobile and desktop, so it's similar between markets that monetization rate. We do see if you compare, for instance, between Instant Book and Meta, we see on the phone that Instant Book on a relative speaking is better off than on desktop but you have a better monetization, relative monetization than on desktop. And, so on the mobile side, we work hard to -- the phone is a very good medium for Instant Book. It is a medium that where you can, by necessity, not show the breadth of selection that you may have on a desktop in terms of a user cannot open a whole lot of tabs on a phone. And so, we believe that the phone is a very good medium for Instant Booking and it's an important reason why that we rolled out Instant Book.

Unidentified Audience Member

And staying on mobile, you guys now have a pretty robust product offering across hotel and then in-market with restaurant an attraction, all in an app. Are you starting to see consumers take multiple products in any meaningful way or is this something that you all will be talking about more in the future?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

On mobile, that's definitely the case than it's -- as I said before, we have this great opportunity -- if someone is on their app and is traveling, we have this opportunity of knowing where they are and being able to serve them different products and even if they haven't booked a hotel, TripAdvisor will know if my app is open on my phone that I'm here in Palm Beach today and can make me semi-push notifications for an attraction here or a restaurant here, but especially if I booked a hotel, and I am in Paris in a hotel, I can get push notifications of attractions and restaurants right around the corner. And so, these are great opportunities that we have and are capitalizing on and we believe long term are going to be a very important driver of our revenue per shopper.

Lloyd Walmsley - *Deutsche Bank - analyst*

Great. I'll sneak one more in before the clock is up. You've been expanding TheFork quite a bit in terms of new markets. What are the plans for new markets in 2016 and beyond?

Ernst Teunissen - *TripAdvisor Inc. - CFO*

For TheFork, specifically?

Lloyd Walmsley - *Deutsche Bank - analyst*

For TheFork, specifically, yes.

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Yes, the expansion on TheFork is twofold. We're continuing in the markets that we're present. We're continuing to engage more and more, supply more and more restaurants and make sure that we have more and more restaurants on our offering. But the bigger effort is in rolling out in other markets. And so we're relatively strong with TheFork and LaFourchette in certain markets. We are strong in France, we are strong in Spain, we are relatively strong in the Netherlands and in Australia where we've made some acquisitions over time. We have many other markets in Southern Europe, for instance, and other parts of Europe, where we are rolling out, as well. A lot of the financial drag we have from TheFork is - or the financial drag we have on TheFork - is from rolling out in these new markets where there is a lot of investment going in. And when we gave the directional indication for our other segment of which TheFork is an important part and said, 2016 is an investment year, and then 2017 we see margins stabilize



or improve. You will see that in TheFork, as well. So 2016 is another investment year in TheFork, where we really roll out in some other markets and in 2017, we expect to be able to benefit from that initial rollout much more and see the revenue follow the rollouts.

Lloyd Walmsley - *Deutsche Bank - analyst*

Alright. Well, exciting times. Thanks for being here and we're out of time.

Ernst Teunissen - *TripAdvisor Inc. - CFO*

Thank you, Lloyd.

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