

03-Aug-2022

Booking Holdings, Inc. (BKNG)

Q2 2022 Earnings Call

CORPORATE PARTICIPANTS

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

David Ian Goulden

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

OTHER PARTICIPANTS

Mark S.F. Mahaney

Analyst, Evercore ISI

Justin Post

Analyst, BofA Securities, Inc.

Lloyd Walmsley

Analyst, UBS Securities LLC

Kevin Kopelman

Analyst, Cowen and Company

Brian Nowak

Analyst, Morgan Stanley & Co. LLC

Doug Anmuth

Analyst, JPMorgan Securities LLC

Naved Khan

Analyst, Truist Securities, Inc.

Jack Halpert

Analyst, Wolfe Research LLC

Lee Horowitz

Analyst, Deutsche Bank Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, everyone, and welcome to Booking Holdings' Second Quarter 2022 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 guarantees 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 differ 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 in the For Investors section of Booking Holdings' website, www.bookingholdings.com.

And now, I would like to introduce Booking Holdings' speakers for this afternoon, Mr. Glenn Fogel, CEO; and Mr. David Goulden, CFO. Go ahead, gentlemen.

Glenn D. Fogel

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.

I am pleased to announce that we reached another milestone in our company's recovery with room nights for Q2 being the first quarter in which we have surpassed 2019 pre-pandemic levels. Our customers booked 246 million room nights in the second quarter, so just shy of a quarter of a billion room nights, which represented an increase of 16% versus Q2 2019 and a significant improvement from the 9% decline in Q1.

We continued to see very strong accommodation ADR growth which helped drive an even higher 38% increase in gross bookings in the second quarter, or 48% growth on a constant currency basis. Both our room nights and gross bookings in Q2 were our company's highest quarterly amounts ever for these metrics.

While we continue to see bookings growth in July versus 2019, the pace of growth moderated to about 4% for room nights and just over 20% for gross bookings or about 35% growth on a constant currency basis, with room night and gross bookings growth slightly improving in the back half of the month versus the comparable weeks in 2019.

For the remainder of the summer period through the end of Q3, we see higher gross bookings on the books than at this point in 2019, which we believe will result in a record revenue for the third quarter, which is our seasonally largest revenue quarter.

Looking towards the rest of the year at Booking.com, we see solid gross bookings for the fourth quarter, which are about 15% higher than at this same point in 2019 on a euro basis. Though I note that a high percentage of these bookings are cancelable and current FX rates will negatively impact that growth rate in dollars by about 10 percentage points.

The booking window remains shorter than it was at this point in 2019, which somewhat limits our visibility into how Q4 will continue to develop. And although conditions could change rapidly, we are cautiously optimistic on the data we are seeing so far. David will provide further details on the recent trends we have been seeing.

Now we recognize that there is uncertainty around the macroeconomic environment and questions about the strength of consumer demand through the end of this year and into next year. And while it is extremely difficult to accurately predict the near-term economic environment, I'm as confident as ever in consumers' strong desire to travel, the attractive long-term growth profile of the travel industry, and our improving longer-term competitive position.

With our industry-leading margins, high-quality earnings, strong free cash flow and liquidity position, and solid balance sheet, we believe we are well-positioned to navigate any potential near-term economic uncertainty and continue our work attracting customers and partners to our platform while making progress on our key strategic priorities of Payments and the Connected Trip vision.

In terms of attracting customers to our platform, our unique active customers at Booking.com surpassed 2019 levels in the second quarter, driven by very strong growth in returning customers who have not made a previous

booking in over a year, as well as growth in repeat customers. Our mix of customers booking directly on our platforms reached its highest second quarter level ever.

We aim to build on increasing our direct mix through several initiatives including by continuing to enhance the benefits of our Genius loyalty program, further building out our Connected Trip vision to increase engagement with our customers, and driving more of our customers to download and utilize the mobile app.

In our mobile app, we see the strongest direct repeat customer behavior when compared to our other platforms like desktop or mobile Web. Consistent with the first quarter, over 40% of our room nights were booked through our apps in the second quarter, which is about 10 percentage points higher than in 2019. Booking.com's app continued to set new records in terms of monthly active users in Q2 and remains the number-one downloaded OTA app globally according to a third-party research firm.

As I said before, the app is a critical platform as it allows us more opportunities to engage directly with travelers, and ultimately, we see it as the center of our Connected Trip vision. We will continue our efforts to enhance the app experience to build on the recent success we have seen here.

For our supply partners, we strive to be a valuable partner to all accommodation types on our platform by delivering incremental demand and developing products and features to help support their businesses.

Alternative accommodation room nights at Booking.com grew about 25% versus 2019 and represented about one-third of Booking.com's total room nights in Q2. We continue improving our alternative accommodation product globally with an additional focus on the US market.

In the first quarter, we launched Partner Liability Insurance for our alternative accommodation supply partners with global coverage. In the second quarter, we launched enhanced payment solution for professional property managers in the US and made progress increasing adoption by our partners. Finally, we started rolling out a damage policy option for partners in the second quarter and continued expanding this option to more countries in the third quarter.

Each of these initiatives helps add important features to our alternative accommodation offering which we believe strengthens our efforts to attract more properties and partners onto our platform.

In the second quarter, we saw the largest sequential net increase in alternative accommodation properties since 2019 and we now have 6.6 million alternative accommodation listings on Booking.com. We are encouraged by the increase in alternative accommodation supply that we have seen so far this year, and we aim to further build on this growth as we move through the second half of the year.

Let me now talk about the progress we have made in our interrelated strategic priorities of Payments and the Connected Trip vision.

On Payments, 38% of Booking.com's gross bookings were processed through our payment platform in the second quarter, which is our highest quarterly level ever. We continue to increase adoption of Payments by our property partners with over 60% of our total Q2 gross bookings coming from properties that have adopted payments. So this means that about two-thirds of the bookings at payment-enabled properties are being processed via payments.

We believe Booking.com's payment services drive benefits for both our travelers and our supplier partners across hotels, alternative accommodations, cars, flights, and attractions. Furthermore, we believe that Booking.com's payment platform helps deliver a more seamless and frictionless booking experience which are important elements of our larger Connected Trip vision.

On the Connected Trip, I think it's a helpful reminder to talk through what we are hoping to achieve with this vision. Our vision for the Connected Trip strives to make booking and experiencing travel easier, more personal, and more enjoyable while delivering better value to our customers and a way to provide marketing opportunities to our supplier partners. And as a result, we believe over time we will drive increase in customer engagement, share of spend, and loyalty.

First, we are looking to increase the engagement of customers on our platform by solving more of our customers' travel problems by just finding the right accommodation on Booking.com as we've done in the past. A simple example of solving a problem and driving additional engagement would be proactively suggesting options for top attractions that can be booked seamlessly in our app while a traveler is in destination and looking for something to do.

Another example is our testing discounted transportation from the airport to the hotel for, say, a high-value accommodation customer. And the ground transportation supplier might in the future be providing a discounted price that is specific for our customer because we are able to provide incremental business.

Second, we see the opportunity to increase our share of customers' travel spend. We estimate that pre-pandemic, our customers' annual spend on Booking.com represented only about 25% of their total travel spend on average. We believe that by making it easier to book multiple elements of a trip in one place, we can then move part of that travel spend onto our platform even in core accommodations and even with top customers.

We believe there are opportunities to improve our share of spend over time, and we want to increase customer loyalty and drive a higher direct mix through our app over time. We believe by addressing our customers' critical needs of value, choice, and convenience through our Connected Trip vision, we will deliver an improved experience and increase the likelihood that our customers come back to us again on a direct basis.

This year we continue to make progress as we work on building the foundations of the Connected Trip, including developing a flight offering on Booking.com. This flight offering gives us the ability to engage with potential customers who choose their flight options early in their discovery process, and it allows us an opportunity to suggest other services to these flight bookers.

Flights continues to be a source for new customers with about one-quarter of all of our flight bookers globally being new to Booking.com with an even higher share of new customers in the US.

In conclusion, I am encouraged by our strong second quarter results and the record level of summer travel we are seeing now. Our teams are working hard to continue making progress in several key areas including the app, the Genius program, our alternative accommodation offering, payments at Booking.com, and building towards our Connected Trip vision.

Through this work, we believe we are building a better offering for our customers and partners while strengthening our long-term competitive position. While there is uncertainty around the near-term macroeconomic environment, we are as confident as ever in the long-term growth of travel and in the opportunities ahead for our company.

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 results for the second quarter and provide some color on trends we've seen so far in the third quarter. All growth rates for 2022 are relative to the comparable period in 2019, unless otherwise indicated. Information regarding reconciliation of non-GAAP results to GAAP results can be found in our earnings release.

Now onto our results for the second quarter. Room nights in the second quarter were up 16%, a 25-point improvement from Q1 and our first full quarter of room night growth versus 2019.

On our May earnings call, we discussed how we started off the quarter with a 10% increase in room nights for the month of April which was a 14-point improvement from March. As you move into May, we saw further strengthening in room nights resulting in 22% growth for the month. June room night growth of 14% landed between April and May.

For Q2 on a regional basis, room nights in Europe were up over 20%. The US was up about 30%. Rest of World was up in the mid-teens, and Asia was down high-single-digits, with all regions improving from Q1 levels. The improvement from Q1 was helped by all regions, with Europe and Asia contributing the most.

Mobile bookings particularly through our apps represented about 50% of our total room nights in the second quarter. Our apps were over two-thirds of our mobile bookings and over 40% of total room nights which was in line with the first quarter.

In the second quarter, we continued to see an increasing mix of our total room nights coming to us through the direct channel versus Q2 2019 and versus Q2 2021.

The international mix of our room nights in Q2 was about 45%, an increase from about 40% in Q1. Q2 international room nights were up mid-single-digits compared to Q2 2019 levels which was the first quarter of growth versus 2019 for international. And these international room nights drove most of the overall improvements in room night growth from Q1 to Q2.

The improvements in international room nights we saw continued to be driven by travel within Europe and these cross-border room night bookings continued to have on average longer length of stay and a shorter booking window than comparable bookings in 2019.

In Q2, we also saw an encouraging improvement in long-haul international room nights which almost recovered to 2019 levels.

We saw very strong growth in our domestic room nights in the second quarter also improvement from Q1. We were pleased to see our cancellation rates below 2019 levels in Q2. You'll recall our Q1 cancellation rates were about in line with 2019.

In Q2, the booking window of Booking.com moved closer to 2019 levels than it was in Q1 but remained shorter than 2019 across all major regions. The booking window expanded versus the second quarter of 2021.

For our alternative accommodations at Booking.com, our room night growth rate was 25% in Q2 versus Q2 2019 and the global mix of alternative accommodation room nights was about 32% which was about in line with Q2 2021 and a couple of percentage points higher than Q2 2019.

Within Europe, our mixed alternative accommodations continues to be meaningfully higher than the global average. In North America, our mix of alternative accommodations remains low relative to global average. However, we did see an encouraging increase in mix versus Q2 2021 in that region.

Q2 gross booking is about \$35 billion increased 38% versus Q2 2019, or 48% on a constant currency basis. The 38% increase in gross bookings was 22 percentage points better than the 16% room night increase due to 25% higher accommodation constant currency ADRs and also due to a few points from strong flight booking growth across the group partially offset by the 10 percentage points of negative impact from FX improvement – from FX movements.

Our accommodation constant currency ADRs benefited by about 2 percentage points from regional mix and about 23 percentage points from rate increases across all of our regions, most notably in Europe and North America, especially in high-demand leisure-oriented destinations.

Constant currency ADR growth versus 2019 accelerated from 18% in Q1 to 25% in Q2 due primarily to higher rates in Europe. Despite the higher ADRs in the second quarter, we have not seen a change in the mix of hotel star-rated levels being booked or changes to length of stay that could indicate that consumers are trading down. We'll continue to watch these dynamics closely.

Airline tickets booked in the second quarter were up about 190% versus a small base in 2019 and up 31% versus 2021 driven by the continued expansion of Booking.com's flight platform.

Consolidated revenue for the second quarter was \$4.3 billion which was up 13% versus 2019, up about 20% on a constant currency basis. Revenue as a percentage of gross bookings was about 275 basis points below Q2 2019, down more than our expectations due primarily to timing differences between gross bookings and revenue recognition driven by stronger bookings than we expected in Q2.

Our underlying accommodation take rates were about in line with Q2 2019 levels.

Marketing expense, which is a highly variable expense item, increased 27% versus Q2 2019. Marketing expense as a percentage of gross bookings decreased by about 40 basis points versus Q2 2019, which is better than our expectations mainly due to higher than expected marketing ROIs in a high intent travel environment. Additionally, our direct mix was a little higher than we expected.

Sales and other expenses were up 87% versus Q2 2019 due to a higher volume of merchant gross bookings and higher third-party call center costs. 38% of Booking.com's gross bookings were processed through our Payments platform in Q2, up from 16% in Q2 2019.

Compared with Q2 2021, sales and other expenses as a percentage of gross bookings were up about 40 basis points, slightly better than our expectations of up 60 basis points. Our more fixed expenses in aggregate were better than our expectations, up 7% versus Q2 2021 primarily due to a slower than expected ramp-up in some of our G&A and IT expenses.

Adjusted EBITDA was \$1.1 billion in the second quarter which is better than our expectations. If we were to normalize for negative timing impacts on revenue in the second quarter, our adjusted EBITDA would have been meaningfully higher than in Q2 2019.

In addition, the changes in FX rates are negatively impacting the translation of our EBITDA to US dollars. Our Q2 EBITDA would have been about 10% higher if FX were in line with Q2 2019.

Non-GAAP net income of \$776 million results in non-GAAP EPS of about \$19 a share, which is down 19% versus Q2 2019. On a GAAP basis, we had operating income of \$1 billion and net income of \$857 million in Q2.

Now, onto our cash and liquidity position. Our Q2 ending cash investment balance of \$14.2 billion was up versus our Q1 ending balance of \$12.8 billion primarily driven by \$2.6 billion of free cash flow partially offset by about \$1.3 billion in share repurchases in Q2.

The increase in free cash flow included a \$2.1 billion benefit from change in working capital due to the increase in our deferred merchant bookings and other current liabilities partially offset by the increase in our accounts receivable.

We continue to return capital to shareholders and more recently have increased the pace of our repurchase given the pullback in our share price. In addition to the \$1.3 billion share repurchase in Q2, we repurchased another \$840 million of our shares in the month of July which brings our year-to-date repurchases to just over \$3 billion and our outstanding authorization to about \$7.4 billion. Given our recent increased pace of share repurchases, we now believe we will complete our current authorization in about two years from when we started the repurchasing back in January.

Now on to recent trends and our thoughts for the third quarter. July room nights increased about 4% versus 2019, or about 7% excluding Russia, Belarus, and Ukraine. Growth fluctuated a bit in July and were strong in the second half of the month versus the comparable weeks in 2019. ADR growth remained at Q2 levels, and gross bookings were up just over 20% in July, including some help from flights partially offset by negative impacts of FX pressure. In July, constant currency gross bookings were up about 35%.

Compared with June, growth rates in July moderated in all regions with North America showing the smallest change. In July, Europe room night growth was up mid-single digits and up low-double digits excluding Russia, Belarus, and Ukraine. Growth in the US was about 25%. Rest of World was up low-single digits, and Asia was down about 10% all versus 2019.

When thinking about the rest of Q3, we realize there continues to be volatility in the environment, and our commentary assumes a room night growth for the full quarter will be at the same level as we saw in July. We do expect the strength in ADRs we saw in July to continue for the remainder of the third quarter, as well as continued strength in flight bookings. We expect a difference between the level of room night growth and gross booking growth for the full third quarter to be a few percentage points less than the 22% it was in Q2 due to factors including more FX pressure in Q3. We expect FX pressure gross bookings by about 12% in Q3.

In July, the overall booking window at Booking.com remained shorter than it was in 2019 similar to Q2. We expect Q3 revenue as a percentage of gross bookings to be about 70 basis points lower than in Q3 2019 due to investments and merchandising consistent with our prior commentary about the opportunity for us to lead into a recovery travel market in 2022 and due to an increase in the mix of flights and some impact from FX rates. We expect our underlying accommodation take rates to remain stable.

We expect Q3 marketing expense as a percentage of gross bookings will be slightly above Q3 2019 as we expect investing in capturing demand and increasing awareness during the peak travel season. We expect Q3 sales and other expense as a percentage of gross bookings to be about 40 basis points higher than it was in Q3 2021 due to higher gross bookings mix and higher third-party call center costs including the impact of our partnership with Majorel.

We expect our more fixed expenses in aggregate will be about 20% higher than Q3 2021 with personnel up about 10% and both G&A and IT up meaningfully versus Q3 of last year. The year-on-year increase in G&A is driven by higher [ph] fee and (00:26:14) sales taxes which are tied to revenue as well as increased personnel-related expenses due to return to hybrid work environments. We expect IT expenses to increase year-over-year at similar rates to what we saw in Q2.

Taking all this into account, we'd expect Q3 adjusted EBITDA to be slightly above Q3 2019. As I noted for Q2, the comparison of our Q3 EBITDA expectations to Q3 2019 is negatively impacted by changes in FX rates. At current exchange rates, we expect our FX neutral Q3 EBITDA growth versus 2019 will be about 15 percentage points higher than our expectation on a reported basis.

We know there is a lot of interest in what will happen beyond the summer. Booking.com's gross bookings for the Q4 travel period are over 15% higher than they were at this time in 2019, but with a high percentage of cancelable bookings. The booking window is still shorter than it was in 2019, which reduces the amount of gross bookings that we'd expect on the books for Q4 at this time. The shorter booking window limits our visibility into Q4 and we recognize the conditions could change rapidly.

Please note these Booking.com gross booking trends for Q4 period are on a euro basis. On a dollar basis, these growth rates would be about 10 percentage points lower.

We are maintaining the full year EBITDA margin commentary we provided in February and May and we still expect EBITDA margin for 2022 to be a few points higher than in 2021. As a reminder, timing negatively impacts adjusted EBITDA and EBITDA margins for the year. If it were not for the impact of timing, our expectations for the full year EBITDA margins would be a few points higher than our guidance for the year.

As the year has progressed, we revised our allocation of our growth investments between marketing and merchandising. We now expect marketing spend as a percentage of gross bookings to be about the same as it was in 2019 and expect to spend more on merchandising. This higher merchandising along with a higher than anticipated mix of flights and some negative FX impact means we expect our take rates for the year will now be in the mid 14% range. Our underlying accommodation take rates remain about the same as they were in 2019.

In conclusion, we're encouraged by our strong Q2 results and by the continued growth above 2019 levels we have seen in July. We remain confident that our focus on customer acquisition and our strategic priorities is the right approach for 2022.

We'll now take your questions. Michelle?

QUESTION AND ANSWER SECTION

Operator: Thank you, sir. [Operator Instructions] Your first question comes from Mark Mahaney of Evercore. Please go ahead.

Mark S.F. Mahaney

Analyst, Evercore ISI

Q

Let me ask two questions, please. One long-term, one short-term. Long-term, how do you increase, Glenn, that your share of annual spend per customer if it was 25% in the past? What do you think the best way to increase that is, and what's a reasonable number? Is it 50%?

And then secondly, just near-term on the room nights, so this deceleration from May to June and then continuing into Q3, is this – it doesn't sound like you're seeing macro issues. So is that a comps issue, or is it just that you've had this really material recovery in travel and now that's starting to fade and become more – it's starting to become more of a normal growth environment? So, just what's your interpretation of why we're seeing that deceleration in that room night growth? Thank you.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

A

Thank you, Mark. The question actually has some interrelated themes. So, let's start a little bit with I'm going to repeat how happy I am, when we spoke last time and I talked about April being the first month that we were able to say we've recovered beyond 2019. And now we have a full quarter where we've done very, very well. As you point out, very strong there.

And, yes, we see that there's been some moderation, but I will repeat that July gross bookings, 35% on a constant currency basis, that's pretty strong. And yet we know that the recovery is not fully done yet. We know there are countries around the world that are still somewhat inhibiting travel, making it more difficult. And we know we hear about people saying how hard it's been in some airports. We read about some of the troubles with cancellations and the crowds and you have to come five hours before you go to the airport, all these things.

So why the deceleration? Hard to say, and we can all hypothesize about what that is and why and all that. But I do believe there's tremendous opportunity still in this recovery. And then going into your first question about what share we can get that is something that we'll get even more of. Because I believe in our future the idea is that we know travel is going to continue to increase in the long run. We don't know how steady it will be. We know there's volatility. We've seen them the last two-and-a-half years. This recovery is not a linear straight line up.

There are ups and downs, ups and downs, and now we have some economic things people are talking about and certainly we're in the middle of a pandemic, there's a war. As Dave pointed out, what things would have been without Russia, Belarus?

Look, there's a lot of uncertainty in the short run that's understood. But the long run is fairly certain, that travel will continue to increase. Our job is to continue to improve our products and our services, so we get that higher share of our current customers, get more customers, and get a lot of their share too. How do we do that? It's all the things I talked about.

I talked about building out that Connected Trip. I talked about making the app better. We talked about payments. We talked all the things we're doing. And we're seeing us gaining back share and we see this improve. Now, what is the ultimate, we took 25% and how high should that go? Somebody [ph] individual look (32:46) this is the average. Some customers I am certain will get a huge amount out of it, some customers less, so. And it certainly depends on what kind of product our customers are looking for.

And we've mentioned in the past that we know in some parts of the world our alternative accommodations is not where I want it to be yet. We're working on that to make that better. So sometimes I'm certain the customers say I'm going to use Booking.com for this type of stay and I'm going to use some competitor for this other type of stay [indiscernible] (33:12) we can do better and get more share.

So, I'm not going to come back and say my goal is X percentage but I will come back and say I absolutely believe we are on the right path and we are growing that share and we're going to continue to do that in the long run.

David, anything you want to add to that? No? Okay.

David Ian Goulden

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

No.

Mark S.F. Mahaney

Analyst, Evercore ISI

Thank you, Glenn.

Operator: Your next question comes from Justin Post of Bank of America. Please go ahead.

Justin Post

Analyst, BofA Securities, Inc.

Great. Thank you. It looks like your bookings to ad spend ratio was about 19.9% in Q2. That's up from 18.3%. So, it looks like getting progress there, but maybe investing more in merchandising, and that's impacting your take rate. Can you explain why you think this is the right strategy for the company shifting a little bit to merchandising?

And then second, it does appear you could be gaining some share of room nights in the US. And just trying to think about how you think about those customers repeating. Do you have confidence that spending and getting market share is going to resolve in better repeat rates next year and you'll be able to keep those customers? Thank you.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

Yeah. So, actually your last question actually applies to the earlier part which is part of our decision how we spend our money, whether it be dollars, euros, yen, whatever, how we spend it to bring people to our platform and to get them to buy something is factored by what do we think we're going to get in terms of return. And one of the returns is, are they going to come back? How often are they going to come back? Are they going to come back direct or not? Are they going to come back willing to pay for them again or not?

All these types of things go into our calculations, our algorithms, our machine learning. All the science would go in to try and decide what is the best use of the money? And we're looking, obviously the markets are dynamic. I

haven't used that word in a while. I'm going to use it today right now. These markets are dynamic, and whether it's our performance marketing market you're looking at or any other type of marketing trends or what is the best way to put that money to work to get the best long-term value for our company, and that's what we're doing right now.

And clearly, David pointed out that we're leaning more towards some merchandising right now because we believe that is the appropriate use of our money right now to get the best return in the long run for the company. And obviously one factor is getting them to come back again and again and that's an important point in trying to make sure that we use the money correctly.

Justin Post

Analyst, BofA Securities, Inc.

Q

Great. Thank you. And maybe a follow-up. Are you seeing higher repeat rates? I know it's early in the transition, but are you seeing higher repeat rates?

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

A

Well, I'm going to say that we believe the repeat rates are appropriate for the money we're spending and we're comfortable with how we're spending it. How about that?

David Ian Goulden

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

A

Great.

Justin Post

Analyst, BofA Securities, Inc.

Q

Great. Thank you.

Operator: Your next question comes from Lloyd Walmsley of UBS. Please go ahead.

Lloyd Walmsley

Analyst, UBS Securities LLC

Q

Thanks. So, you guys have talked in the past about looking to grow room nights in 2023 faster than what you were doing in 2019. I guess is that still your ambition? Does the macro make it harder to kind of expect that? And any kind of medium-term outlook you can share?

And then secondly, recognizing there is a balance with using the margin for merchandising, but what is the latest update around payments margin, turning that to profitability maybe with FX translation or other value-added services? Are you guys starting to roll those out, thinking about it? What's the latest thought process and timing there? Thanks.

David Ian Goulden

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

A

Yeah, Lloyd, let me take both of those. So, our goal is absolutely to when we have a fully recovered marketplace, whenever that is, and that gets back to your question in 2023 will that be the case, we don't know yet. But our view is that when we get back to a more stabilized market growth level, at that point in time we would expect to be growing faster than we were in 2019. That's still very much our strategy, our statement based upon the things that

Glenn talked about moving forward with the product, building out the Connected Trip, having a more comprehensive offering, and also doing more with Payments, which gets back to the second part of your question.

So, that goal is absolutely out there. Our goal is to be growing on the top line and the bottom line faster than we were in 2019 when we were into a fully normalized recovered market environment. So, we believe we can – we believe that we can do that.

In terms of where are we on the Payments platform and we continue to be pleased with the progress that we're making. We expect to run that Payments platform very close to breakeven this year and we'd expect to start seeing some positive returns in the Payments platform in aggregate in 2023. Some of that would just come through better economics in the core processing of payments and some of that would be from starting to introduce a bit more scale, some of the payment-oriented products that we're currently experimenting rolling out. We currently are working on FX options for our customers paying their own currency type solutions, also Buy Now Pay Later type offerings. Those are the first two we're experimenting with in different markets right now. We expect to roll those out a little bit more fully in 2023.

And the combination of that and some things we'll also add in 2023 on top of that will move us into a positive position relative to getting a return from Payments platform next year.

Lloyd Walmsley

Analyst, UBS Securities LLC

Q

Okay. Thank you.

Operator: Your next question comes from Kevin Kopelman of Cowen. Please go ahead.

Kevin Kopelman

Analyst, Cowen and Company

Q

Great. Thanks a lot. Just a follow-up on the marketing question. You talked about in the quarter the kind of high intent environment. Can you dig into that, what exactly you were seeing there that allowed the ad ROIs to outperform in Q2 and how has that trended in Q3? And then I have a quick follow-up.

[indiscernible] (39:21).

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

A

Did you get it, David?

David Ian Goulden

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

A

Yes.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

A

It kind of broke up a little bit for me.

David Ian Goulden

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

A

No, I missed the last part, Kevin. How has that turned into, and then you cut out.

Kevin Kopelman

Analyst, Cowen and Company

Q

Sorry. So, if you could dig into the high intent environment that you described in the second quarter and how – what the drivers were and how that has looked into the third quarter.

David Ian Goulden

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

A

Got it. Thank you. Let me take that, Glenn can add some color. So, we were pleased to see the ROIs better than our expectation in the second quarter and to get some leverage on that marketing spend. It's obviously the biggest single line in our income statement. And we characterized it as a high intent environment in Q2 because there was no single factor that kind of led to that. It's a multiplicity of things. As you know, the calculation of ROI is based upon many, many different variables.

Some of the ones that made a difference to the positive in the second quarter, having a lower cancellation rate helped with ROIs. We saw some strengthening in length of stays versus what we were expecting and also versus 2019, and some of the ADR trends also helped us. There are other factors as well, but I'd point out those three as ones that certainly had a meaningful impact on the overall ROI environment.

And just, you know, lot of people, a lot of volume in the environments. And as you said, people were booking and they weren't canceling. That's kind of would be part of what we mean by high intent.

In the third quarter, we still expect that to be the biggest travel season from a room stay point of view. It always is. The market is still recovering. As Glenn said, it's not linear but the trend line is certainly going up positively, which is what we like to see. And like last quarter, we think there will be an opportunity to attract bookers to the platform.

Bear in mind for a number of people it's still been a couple of years since they made their last booking. And they may not automatically come back, so we've got to regain some existing customers. There's the opportunity to win new customers in the peak travel season. So, our plan is still to lean in as we said we would do at the start of the season. We expect in total that lean into marketing to be a little less impactful on the P&L than we did for the full year and leaning on merchandising to be a little more. But we'll still have both, of them turned up pretty high in the third quarter.

Kevin Kopelman

Analyst, Cowen and Company

Q

Great. And then a quick follow-up on the merchandising and the mix. How should we be thinking about that as a percentage of the mix? What is the kind of level you're looking at? And would you – as it's gotten more important, is it something you consider disclosing?

David Ian Goulden

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

A

Again, I missed the first part of the question. I think Glenn did as well. I apologize.

Kevin Kopelman

Analyst, Cowen and Company

Q

Apologies. So, could you give us a sense of merchandising, how big it could be in the mix or what you're envisioning? And then as it's become more important, is it something you'd consider disclosing? Thanks.

David Ian Goulden

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

A

Yeah, no, thank you. I got the question, merchandising. Obviously it's something that we use selectively. We'll think about further disclosure as it grows. Obviously this year is something that we will think of it as something we're leaning into this year in a recovering marketplace just like marketing. As and when things recover, we may not have to lean in quite so heavily. So we'll kind of see this may also fluctuate. We have not broken it out yet. It does obviously have a bit of an impact upon take rates and probably the way to give you some flavor on it in the future is to give you a bit more flavor as to how it's impacting take rate but nothing more to disclose at this point in time.

Kevin Kopelman

Analyst, Cowen and Company

Q

Thank you so much.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

A

I'd just add one thing in terms of general, in merchandising. But in general, when we talk about what are the values of the Connected Trip, and I mentioned in my prepared remarks about providing a marketing platform for suppliers to be able to do what they feel is appropriate in terms of maximizing their value. And us, providing them an opportunity to do their own way to merchandise and offer up different types of offers to our customers who will use all sorts of important scientific analysis of where it's really incremental for them.

And that I believe is something that's going to be very helpful going over, particularly if we are any less of a hot market where everybody feels we can sell at maximum price. When things start getting a little more interesting, that will be another opportunity for us to provide value to our supplier partners.

David Ian Goulden

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

A

And just final thoughts on that.

Kevin Kopelman

Analyst, Cowen and Company

A

Thanks Glenn, thanks David.

David Ian Goulden

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

A

And as we build out the elements of the Connected Trip that gives us more ways to merchandise. At the moment, a lot of our merchandise is through pricing type activities. But as Glenn mentioned, we are looking at providing incentives or other benefits to our high-value accommodation customers if they're buying more elements of the total trip. So, the mix of how we merchandise on our side will also change over time as well.

Kevin Kopelman
Analyst, Cowen and Company

A

Appreciate it.

Operator: Your next question comes from Brian Nowak of Morgan Stanley. Please go ahead.

Brian Nowak
Analyst, Morgan Stanley & Co. LLC

Q

Thanks for taking my questions. Good evening, guys. So, just a couple I wanted to follow-up on. Pretty strong US numbers, you're talking about the 30% growth and even the 25% growth in July. Maybe just talk to us about what are sort of some of the unique drivers around that US business at this point? Are you seeing outsized Genius adoption? Is the merchandising having an impact there? Is air a disproportionate driver? Like, what is sort of one or two of the key funnel drivers you're seeing in the US for that type of growth is the first one. And then the second one, and maybe you said it, I know you guys give so many helpful numbers. Can you just sort of talk to us about the growth rates you're seeing on cross-border travel versus intra-continental travel across the entire company? Thanks.

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

A

Sure. So let me take the first one, and David can talk to the second one. I know he talked a little bit but I'll let him what sort of details he wants to give on that second one.

On the first one, I'll make the point that certainly years ago I said that it was important for us to do better in the US, and that would be a strategic priority for us to get more share. We under-indexed in the US. We felt we had very good product [indiscernible] (46:06) improve upon it and that is something that we should be doing better and we would. And now we're beginning to see some of that. We're seeing these kind of growth rates that you just mentioned, and that is something that I am very happy that the team has executed well.

Now, what is the silver bullet? There is no silver bullet. It's a lot of things. It's tremendous number of different things being worked at by so many different teams, like we could spend all – the rest of this call talking about all the things that have been done by the different people to improve so we can get higher share.

And you've seen some of it yourself. You see our brand marketing, you see the things that we're doing in terms of ad, you see us in terms of the payments now, we at Booking.com didn't have payments in the states and we have that. Like there's so many other things. It's the blocking and tackling every day, working with the suppliers, achieving better relationships so that we can work together, so we can offer up to travelers something that really fits what their needs are.

And I can't come out and help you in terms of this is the biggest part, and this is the next part and this is the next part. What I can say is that this is something that has been something that's been important to us and I'm glad to see the results starting to come through. It's not done by any way, shape, or form. There's a lot more to be done and I continue to now repeat myself about we've got to do better in the alternative accommodations in the States. Not enough people know about it, we [indiscernible] (47:23) supply in all those areas, we want to improve upon there.

And obviously flights has started up for Booking.com in the states and is doing well. But we've got a lot more to do there. And all those things in the Connected Trip. So lots more to be done there, but that is an area where we're

going to continue as I said. It's one of our priorities, one of the things we're working hard on, and I'm happy though to see that we are able to show people here's what the growth, the progress that we've made so far. And David?

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

A

Yeah, thanks, Glenn, and Brian, yeah, on international travel, Q2 is probably the best place to kind of look because we've got the full quarter numbers to talk about. International, that was the first quarter that we saw growth in international travel in total vis-à-vis 2019. So in Q2, international travel in total was up mid single-digit growth. Of course, the room nights in aggregate were up 16 points. Obviously domestic was still strong, very strong. But it was the first quarter we saw return to growth of international travel in aggregate.

And to your point within international travel, we saw better than average growth within regional travel, so travel within Europe, Asia, et cetera. And the long haul international travel was still down mid single-digits but was still – was almost recovered back to 2019 levels. So I think some encouraging trends as we moved through the quarter as I mentioned in terms of the overall improvement from Q1 to Q2. International travel drove most of that improvement.

Brian Nowak*Analyst, Morgan Stanley & Co. LLC*

Q

Thank you both.

Operator: Your next question comes from Doug Anmuth of JPMorgan. Please go ahead.

Doug Anmuth*Analyst, JPMorgan Securities LLC*

Q

Thanks for taking the questions. Glenn, can you just elaborate a little bit around your thoughts on ADR strength and the sustainability and just kind of how things get a little bit more interesting, I think as you said potentially less hot market?

And then, David, I just wanted to ask about Payments. I think you said it's kind of close to break even this year, some positive returns in 2023. Can you just talk about how you're kind of working through the initial diluted nature there from a margin perspective? Thanks.

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

A

Yeah, so couple thoughts about ADR. Obviously we talk about ADR in a very global average type thing. But it's interesting. When you look around the world, it's not the same everywhere. Asia, very different than what's happened in the States, let's say, and differences in Europe too. It is interesting that in almost all the time I've been in the travel industry, when you had lower occupancy rates that would usually end up with lower ADRs as people try to fill up those last rooms because the margin, the drop to the bottom line was huge. Yet that is not what's happening here. You see occupancy rates for example in the States still not at historical highs. Yet we all know ADRs certainly are. And that's an interesting change from how it's been in the past.

And now your question is a good one. It says well what's going to happen in the future? Are these things going to come back? Are these ADRs going to come back down now at some point if demand does drop? Are we going to see that come back down? Or are the hoteliers going to continue what they've been doing which is saying, look, I can't even service all of my rooms, so I'm not going to try and fill them all up because I don't have enough help, I

don't have labor, and where labor costs are it's better I'm doing better by doing this higher ADRs and not trying to fill everything. That's happening in some of the places.

The truth is nobody knows what's going to happen in the future. I do know, though, that we have flexibility ourselves. That we work well when there is – ADRs are high, as you see with the numbers we just printed, which is great, and also when ADRs are dropping because the suppliers need more demand, we're there to help them. We did better than most other people in the industry coming straight out of when – with the depth of the pandemic because we worked really hard with these suppliers to find a way to get that demand. And we did that. And that's really our role with that is to make sure we're putting heads in beds for them and at the price that they think is right.

And that's what we're going to continue to do. So I can't tell you what's going to happen in the future. I can tell you we will continue to execute well under either scenario.

David Ian Goulden

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

A

Yeah, and, Doug, on Payments, I think that is not a new story, the fact that we're going to have some revenue streams that are going to be growing faster than the current average because they're newer and they will be less profitable from a profit and margin point of view. We talked about payments of flights earlier during the year that are both going to be significant contributors to the business in the future and will result in incremental EBITDA dollars, incremental EBITDA dollar growth but will be dilutive to margin rates.

And I don't think that's anything new, and I think that's a good thing for the business. It means we'll have faster EPS growth by having those businesses than we would without. So I think it's a conversation we had a few times in the early part of the year and hopefully nothing new and we're making progress and getting Payments into the position we thought we might be able to going into 2023. So I view that as encouraging.

Doug Anmuth

Analyst, JPMorgan Securities LLC

Q

Great. Thank you, both.

Operator: Your next question comes from Naved Khan of Truist. Please go ahead.

Naved Khan

Analyst, Truist Securities, Inc.

Q

Yeah, hi. Thanks a lot. Glenn, in the past, heatwaves have hurt bookings, and go back to 2018, 2019 I think that has happened and this year, do you think there is any impact on the heatwave of maybe flight cancellations in the July trends that you just shared? And give us your thoughts on that. And then if we were to just look at the US room night growth, how should I think about the contribution from getting a room. Is that – how much of a factor is that?

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

A

I can answer the second one first because I heard that one well. And then we'll have to go back and get that first question again. Again, we're very pleased with how it's working and very nice. But that is not a big driver at all in these numbers. So and I'll let David to give you more specificity, but I would say that is not the reason. It's nice, it's good, I'm very happy how we're doing, I'm pleased, I love the guys, we're doing great and it's very helpful in our B2B strategic partnership area helping us build out that part of our business to be a very competitive part of

the business with others too. It's one element. We've had that part of the business for a long time before. This is just one addition to our overall B2B area. So that's something on there.

I'll let – David is there anything you want to say on that and get a little more [indiscernible] (54:20) that?

David Ian Goulden

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

No, [indiscernible] (54:21) fine. It's only a few points of incremental growth in the US.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

Yeah. So go – if you can. Can you say the first question? I think I heard flight cancellation. I'm not sure what you said. Could you back...

Naved Khan

Analyst, Truist Securities, Inc.

Yeah. It's really about if there is any impact from either the heatwave in Europe or flight cancellations that we're seeing in the July numbers. Just give us some color.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

Oh, I've got it now. Okay. So it goes back to me trying to explain and talking about the nonlinearity of the countries in general. Because, yeah, we see the change. And I talked at the beginning about that. And one hypothesis, certainly, is something in the past people have definitely talked about well when it's hot people don't travel as much. That's true. Definitely there's that in there. And there certainly is the cancellations at the airport and the chaos there. That probably played a factor too. There are a lot of things that have probably played, and we look at how strong May was and did that take some bookings from July that ended up in May because people were just – as soon as the pandemic levels went down, as Omicron went down, people said I'm going right away and normally they would have waited.

There's so many potential hypotheses. I can't tease them all out. In fact, I would say, it's actually not that important because we're talking for the long run. One month versus another month in my mind, yeah, I know there's always going to be volatility in these things, variability, but we're looking at the long run. Are we achieving what we want to, continuing to over the long run build this business, and we're doing that. And I see that. So I can't really help you.

You can go with wherever I guess is you like yourself, but what's more important in my mind is are we executing and creating a better product, a better service that will get more share as the travel recovery continues, which it is, and again, I emphasize this recovery from the pandemic is nowhere near done yet when you look at countries like Japan, there are a lot of places where it's not – where everybody isn't just traveling as they used to at all. And Asia, we mentioned Asia. It's not a full recovery yet. Look at China. There are lots of places where the pandemic is not totally disappeared. Everybody is living like they did in 2019 [ph] at all (56:38). There's a lot of room to come back just from recovery. And we're looking forward to that.

Naved Khan

Analyst, Truist Securities, Inc.

Great. Thank you for your thoughts.

Operator: Your next question comes from Deepak Mathivanan of Wolfe Research. Please go ahead.

Jack Halpert

Analyst, Wolfe Research LLC

Q

Hey, all. Thanks for taking our question. This is Jack Halpert on for Deepak. I just want to ask can you guys talk about any shifts in consumer demand you're seeing between your alternative accommodations and hotels bookings as things sort of normalize a bit from COVID. Thanks.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

A

Well, I think we talk a little bit about what share of our business in the alternative accommodations now and how we saw a couple of percentage points better than 2019 due to more accommodations versus hotels. That's steady improvement that we're pleased with seeing. We talked a little bit about the US and the mix there. It's still low in terms of the share that's going to alternative accommodations but we're pleased that the mix is improving. It's on the right path.

I'm not sure in terms of general, though. I think I know your question is, is this going to be a – are people going back to where they formally had been a lot more hotels and are they going to switch back there? I don't think anybody knows or not. But what I'd emphasize is how important it is to offer both and that's why we think we have an advantage because we know and I mentioned this in previous calls, we know people come to our site thinking they want one type of accommodation yet we see by the way they search and the way they look at different potential places to stay that there's actually a lot of uncertainty and by offering both a hotel and a home or an apartment or villa, whatever it is, we are providing better information to the traveler to be able to make the right choice and have a higher opportunity that they will buy from us because we're offering these different types of services.

So I don't know what's going to happen in terms of people's behavior going back. I can guess I think that people who have enjoyed a home and never did before, they're going to continue to look at that home and I'm fine with that because we offer it. So it's okay by me that that's what's happening. What I'd like to do of course is make our home product be top – be as good as anybody else's and make sure that nobody ever says [indiscernible] (59:04) here are some things you don't have yet. That's something I want to get rid of.

Jack Halpert

Analyst, Wolfe Research LLC

Q

Got it. Thanks so much.

Operator: Your next question comes from Lee Horowitz of Deutsche Bank. Please go ahead.

Lee Horowitz

Analyst, Deutsche Bank Securities, Inc.

Q

Great. Thanks for the questions. Two, if I could. Can you comment at all on how hotel attach rates are pacing for your air product relative to your expectations and how you think about continuing to improve those from here?

And then just one on cost, if I could. Just given the directional commentary you've given us on fixed costs for this year, looking beyond this year, how do you think about the kind of sustainable level of fixed cost growth into a more normalized demand environment? Thanks so much.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

A

Well, I'll take the first one and I'll let David do the second one. And what we've said and it hasn't changed, what we've said in the past is that for a meaningful percentage of bookers who first book a flight then book an accommodation. And we're saying for new customers, we see that an encouraging percentage of them are attaching an accommodation to the flight booking which is what I've said in the past and I will say the same because it's pretty much the same.

And, David, on your side?

David Ian Goulden

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

A

Yeah, on my side obviously the biggest element in OpEx cost is personnel. And in recent years with current inflation rates and obviously wage inflation that is being pressured particularly for technology people and product people, the marketing folks, et cetera, engineers. So that's been under pressure for a little while.

We believe that when we get back to this post-COVID steady state and we get to the situation where we are gaining share, growing the top line faster, we usually grow the bottom line faster than we used to, we believe that we can start looking at the right time and gain leverage from our fixed costs. But at the moment we're obviously facing some short-term pressures.

Lee Horowitz

Analyst, Deutsche Bank Securities, Inc.

Q

Great. Thank you.

David Ian Goulden

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

A

Sure.

Operator: Ladies and gentlemen, I will now turn the conference back to Mr. Glenn Fogel for closing remarks.

Glenn D. Fogel

Chief Executive Officer & Director, Booking Holdings, Inc.

Thank you. So after the difficult situation the last 2.5 years, we are very pleased to arrive at where we are today. And I want to thank our partners, our customers, the dedicated employees, and our shareholders. We greatly appreciate the support as we continue to build on the long-term vision for our company. Thank you, everyone, and good night.

Operator: Ladies and gentlemen, this concludes your conference call for this afternoon. We would like to thank everyone for their participation and ask you to please disconnect your lines.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2022 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.