



CEO and CFO Prepared Remarks for 2nd Quarter 2025

NORWALK, CT – July 29, 2025

Information About Forward-Looking Statements

This transcript contains 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 Booking Holdings' earnings press release as well as Booking Holdings' 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 is available in the For Investors section of Booking Holdings' website, [bookingholdings.com](https://www.bookingholdings.com).

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

Thank you, and welcome to Booking Holdings' second quarter conference call. I'm joined this afternoon by our CFO, Ewout Steenberg.

I am pleased to report a strong quarter that demonstrates the resilience of our business and the enduring appeal of global leisure travel. Our top-line trends saw solid improvement with room nights, gross bookings, and revenue all exceeding our prior expectations. This revenue outperformance, combined with our continued disciplined expense management, increased adjusted EBITDA 28% year-over-year.

Even more than these financial achievements, I'm proud of our team's progress in accelerating our strategic priorities. This year continues to underscore the exciting intersection of technology and travel. Our legacy of innovation, and our scale and proprietary data position us well to continue to drive meaningful value for our travelers and partners. I'll share specific examples from the quarter shortly. But first, let's briefly cover our second quarter financial highlights.

Q2 2025 Financial Performance Highlights

During the quarter, we delivered strong results that exceeded our expectations, reflecting robust demand across our globally diversified business.

Room nights reached 309 million, an 8% year-over-year increase, exceeding the high end of our prior expectations driven by strong performance across Europe and Asia. Asia in particular saw healthy growth, up low double digits, and we remain optimistic about our long-term outlook for the region. The U.S. continues to be our slowest growing

region, but growth in the second quarter improved slightly from the first quarter and likely outpaced the broader U.S. accommodations industry.

The stronger than expected global room night growth helped drive second quarter gross bookings, up 13%, and revenue, up 16%. Both were above the high end of our prior guidance ranges. It's important to note that FX favorably impacted our growth rates by approximately 4 percentage points, consistent with our expectations.

And, finally, adjusted earnings per share in the quarter grew 32% year-over-year.

Ewout will provide more detailed financial insights shortly, including our outlook for the third quarter and full year.

Strategic Initiatives

Beyond the headline numbers, I am energized by the significant strides we are making across several key initiatives. We continue to expand alternative accommodations, enhance the Genius loyalty program and grow our presence in Asia. We are also pushing forward our Connected Trip vision, and continue to develop our AI capabilities. All of these initiatives, and others, contribute interactively, synergistically allowing us to deliver a better planning and booking experience for our travelers, and bringing incremental demand to our partners.

Alternative Accommodations

Let's start with alternative accommodations. Strong relationships with our partners and a broad selection for travelers are fundamental to providing a comprehensive planning and booking offering. And we're constantly working to make the alternative accommodations experience even better for both sides of the marketplace.

We've strengthened our payment capabilities to deliver our partners a faster, simpler, and more efficient experience. Also, we are further rolling out Request to Book functionality with pre-booking messaging through an API, providing access to a segment of the alternative accommodations supply that relies on this model. For travelers, we continued to broaden supply, with Booking.com's alternative accommodation listings reaching 8.4 million, an increase of 8% year-over-year. This growth provides even more choices for our travelers and contributed to a 10% year-over-year growth in alternative accommodations room nights for the quarter, outpacing our core hotel business.

Genius Loyalty Program

Another core way we deliver benefits to our travelers is through Booking.com's loyalty program, called Genius. This program offers discounted pricing and other, mostly supplier-provided, benefits to our travelers. We continue to extend our Genius program beyond accommodations into other travel verticals, bringing these benefits to more elements of travel. We've also been experimenting on how we can continue to reward and provide a differentiated offering to our most loyal customers with additional features, like dedicated customer support agents. We're encouraged to see more of our travelers continuing to move into our higher Level 2 and 3 Genius tiers, which now represent over 30% of our active travelers and book a mid-50% of Booking.com's total room nights. These Genius travelers exhibit meaningfully higher direct booking rates, and a higher booking frequency than our other travelers.

Growth in Asia

From a regional perspective, Asia remains central to our long-term strategy. Its size and economic momentum make it an attractive travel market, and our strong position there allows us to benefit from that growth. We expect industry growth in the region to be in the high single digits over the medium term, the fastest among our major markets. And our ambition is to keep outpacing the broader industry, as we have for several years. As mentioned earlier in the call, in the second quarter we delivered low double digit room night growth in Asia, reflecting the strength of our two-brand approach with Agoda and Booking.com. This success comes from localizing the user experience, expanding flights and attractions, tailoring payment methods, and ensuring travelers can engage with us in their own language - all supported by thousands of our dedicated employees across the region.

The Connected Trip Vision

Now, onto the Connected Trip, we continue to make progress there towards our long-term vision. It's all about making the planning, booking, and overall travel experience easier and more personalized, providing more value for the traveler, along with a data driven process to enable partners opportunities to obtain incremental business. Travelers who book a Connected Trip directly with us, meaning a trip that includes booking more than one travel vertical, more frequently choose to book directly again with us in the future. To put it bluntly, we see greater loyalty in our customers who have purchased a connected trip.

A lot of our foundational work in recent years has been about growing verticals outside of accommodations, with a view to facilitate a more comprehensive travel experience. And our efforts are showing results. Connected Trip transactions grew over 30% year-over-year in the second quarter, and now represent a low double digit percentage of Booking.com's total transactions. Our non-accommodation verticals continued to show strong growth, with flight tickets up 44%, and attractions ticket growth more than doubled year-over-year, although from a modest base. While the direct financial impact from attractions is minimal today, we believe this vertical allows us to offer our travelers compelling in-destination experiences. These data points indicate that more travelers are choosing to book multiple elements of their trips on our platforms, reflecting the increasing value and convenience we offer to travelers, and enabling our flights, attractions and ground transportation partners, many of whom are small and medium sized enterprises, to obtain incremental business.

Innovation in AI

We've always known that the Connected Trip needs exceptional technology at its core. AI in general, and now particularly GenAI, is propelling us closer to this vision. We are actively investing in advanced AI capabilities, accelerating our ability to meet the evolving needs of travelers and partners. During the quarter, we continued to see developments that are allowing us to better inform travelers by creating more personalized and responsive experiences.

- For example, Priceline's AI assistant "Penny" saw multiple enhancements including expanded voice capabilities, leading to increasing engagement rates and improved conversion metrics.
- At KAYAK, the team's KAYAK.ai, which is its test lab for AI-first features, continues to improve its product to be more personalized and conversational.
- Another example is OpenTable's AI Concierge which launched earlier this month. Embedded directly on restaurant profiles, Concierge draws from OpenTable's extensive restaurant data, including menus, reviews and descriptions to offer more tailored recommendations.
- On the customer service side, GenAI has notably reduced live agent contact rates across our brands. It allows us to answer customer questions faster and more conveniently. At Agoda, agent enablement tools, such as auto summarization of cases and guided workflows, have resulted in more customized and seamless engagement. At Booking.com, voice-enabled GenAI agents in customer service have improved resolution times and increased customer satisfaction scores. Continuing to advance these capabilities will yield an easier, more responsive, and better served travel experience.

In addition to our organic efforts, we continue to collaborate with leading AI companies, such as OpenAI, Microsoft, Amazon and others on their agentic developments. This enables us to stay at the forefront of this rapidly developing field and, we believe, will expand our potential sources of new customers in the future. Of course, as we have mentioned in the past, we also continue to engage with social media platforms as travelers' search patterns and travel discovery methods evolve, particularly at the inspiration stage of the travel funnel.

Other Partnerships

On the topic of partnerships, I'm thrilled by the traction the OpenTable team continues to gain. They've done tremendous work creating genuine value for both our restaurant partners and diners. This quarter, we announced our

partnership with Chase Sapphire Reserve, giving eligible Chase card members exclusive access to select coveted restaurants on OpenTable. It builds on the great momentum from our recent Uber and Visa announcements.

* * *

Our Path Forward

Looking forward, while we acknowledge that navigating geopolitical and macroeconomic uncertainties is simply the norm for a business as global as ours, history has repeatedly shown us the enduring resilience of travel. And we remain confident in the long-term outlook for the travel industry, and in our ability to adapt and innovate to continue to position us well to deliver attractive growth.

I am incredibly excited about what's ahead. Our commitment is to strategically drive our business for the long term, focusing on what we can control to seek to deliver unparalleled value to both our travelers and our partners.

Thank you. I will now turn the call over to Ewout for a more detailed financial review and our guidance.

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

Thank you Glenn and good afternoon, everyone. I want to start by thanking all the teams across the company; their great work is what allows us to share these positive updates today.

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

Now let's move to our second quarter results.

Q2 Topline Results

Our room nights in the second quarter grew 8%, which exceeded the high end of our guidance by about two percentage points. The higher than expected room night growth was driven by stronger than expected performance in Europe, Asia, and the U.S.

We observed an impact in our Rest of World region in June from the events in the Middle East, which we estimate impacted global growth by about 1% in June and one-third of a percentage point overall in the second quarter.

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

The U.S. continues to be our lowest growing region, but growth in the second quarter was slightly higher than the first quarter and we believe it outpaces the broader U.S. accommodations industry. However, in the U.S., we observed lower ADRs, as well as a shorter length of stay and booking window. This may suggest that U.S. consumers are being more careful with spending in the current economic environment.

At the global level, constant currency ADRs were flat excluding changes in regional mix. The global average length of stay was similar to last year, and the global booking window expanded year-over-year.

We saw consistent trends in certain travel corridors that were noted on our previous call. Inbound travel to the U.S. was down year-over-year in the second quarter, particularly from bookers in Canada, and to a lesser extent from bookers in Europe. That said, we also saw strong growth in other travel corridors, including Canada to Mexico and Europe to Asia, contributing to accelerating room night growth overall. These results once again highlight our global diversification as a core strength of our business.

We remain focused on executing on our key strategic initiatives to strengthen our long-term earnings potential. And we are seeing continued momentum across several areas, including alternative accommodations growth, increasing

the direct and mobile app mix of our bookings, expanding our Genius loyalty program, and further growing our other travel verticals.

For our alternative accommodations at Booking.com, our second quarter room night growth was 10%, which continues to outpace the growth of our overall business. The global mix of alternative accommodation room nights was 37%, which was up one percentage point from the second quarter of 2024.

We also see tangible progress in our efforts to strengthen our direct relationships with our travelers and increase loyalty on our platforms. Over the last four quarters, our B2C direct mix was in the mid 60% range, which was up from the low 60% range one year ago.

The mobile app mix of our room nights was in the mid 50% range over the last four quarters, which was up from the low 50% range one year ago. We find that the significant majority of bookings received from our mobile apps come through the direct channel.

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

We achieved another quarter of healthy growth across our other travel verticals, as Glenn mentioned. During the second quarter, over 16 million airline tickets were booked across our platforms, representing an increase of 44% year-over-year, driven by the continued growth of our flight offerings at Booking.com and Agoda. Our attractions vertical is scaling nicely with tickets booked on our platforms more than doubling year-over-year off a modest base. We are actively investing in driving further growth in these verticals that help strengthen our offering and underpin our long-term Connected Trip vision.

Second quarter gross bookings increased 13% year-over-year or about 9% on a constant currency basis. The constant currency growth rate was approximately one percentage point higher than room night growth due to about two percentage points from higher flight bookings growth, partly offset by a decrease in constant currency accommodation ADRs of about 1%. The decrease in ADRs was impacted by a higher mix of room nights from Asia and a lower mix from the U.S. As I noted before, excluding regional mix, constant currency ADRs were about in line with the second quarter of 2024.

The increase in gross bookings exceeded the high end of our guidance by one percentage point, driven by about two percentage points of benefit from higher room nights, partially offset by lower accommodation ADRs versus our expectations. The impact from changes in FX was about in line with our expectations.

Q2 P&L Results

Second quarter revenue of \$6.8 billion grew 16% year-over-year, which exceeded the high end of our guidance by four percentage points. The outperformance was greater than gross bookings primarily due to higher revenues from facilitating payments and lower merchandising spend. The lower merchandising spend is driven by timing, which we anticipate will impact revenue in the third quarter.

Revenue as a percentage of gross bookings of 14.5% was up about 40 basis points year-over-year due to the timing impact from the Easter calendar shift and higher revenues from payments, partially offset by an increased mix of flight bookings.

Constant currency revenue growth was about 12%. When normalizing for the year-over-year impacts of the Easter calendar shift, constant currency revenue growth was about 10% in the second quarter.

Marketing expense, which is a highly variable expense line, increased 10% year-over-year.

Marketing expense as a percentage of gross bookings was a source of leverage compared to the second quarter of 2024, driven by lower brand marketing expenses as well as a higher direct mix, partially offset by increased spend in social media channels at attractive incremental ROIs.

Second quarter sales and other expenses as a percentage of gross bookings was about in line with last year despite an increasing merchant mix, as higher payment expenses were offset by increased efficiencies in customer service as well as lower transaction taxes and bad debt provisions.

Adjusted fixed operating expenses increased 11% year-over-year, or about 7% on a constant currency basis, and was a source of leverage in the quarter as we continue to be highly focused on managing our fixed expenses. The year-over-year increase was impacted by higher performance-based compensation accruals, increased cloud costs, and a legal settlement in the second quarter.

Adjusted EBITDA of approximately \$2.4 billion grew 28% year-over-year, which was 12 percentage points faster than the high end of our guidance due primarily to stronger revenue growth.

Adjusted EPS of \$55.40 per share was up 32% year-over-year, faster than the growth in adjusted EBITDA, helped by the benefit of 5% lower average share count.

During the second quarter, we realized approximately \$45 million of in-quarter savings from the Transformation Program, primarily in the sales and other expenses line. We expect the actions we have taken so far will enable approximately \$350 million in annual run-rate savings, of which about \$150 million is forecasted to be realized this year, consistent with our prior expectations.

In the second quarter, we incurred \$38 million in transformation costs, which were almost entirely excluded from our adjusted results. We continue to estimate the aggregate transformation costs will be about \$400 to \$450 million, which is similar to one time the run-rate savings we anticipate from executing the program.

Cash & Liquidity

Now on to our cash and liquidity position. Our second quarter ending cash and investments balance of \$18.2 billion was up versus our first quarter ending balance of \$16.1 billion. This was driven by about \$3.1 billion of free cash flow generated in the quarter and approximately \$700 million from the impact of changes in FX on our cash balance, partially offset by capital return activities including \$1.3 billion in share repurchases and \$300 million in dividends. In the second quarter, we issued about \$2 billion in debt, which was mostly offset by about \$2 billion in payments related to the maturity of debt, including the conversion premium on the convertible notes. Since we avoided the issuance of new shares by settling the note in cash and will realize the benefit in the year-over-year reduction in diluted share count, the cash payment of \$1.1 billion to settle the conversion has an effect similar and incremental to the regular share repurchases of \$1.3 billion just mentioned. Free cash flow in the second quarter benefited by over \$800 million from changes in working capital, driven primarily by the seasonal increase in our deferred merchant bookings balance.

Q3 2025 Commentary

Moving to our thoughts for the third quarter. At the global level, we have seen steady travel demand trends in our business so far in the third quarter. However, we recognize that comparables with the prior year will be higher in August and September. Additionally, we remain mindful that geopolitical dynamics and uncertainty in the broader macroeconomic environment could potentially impact consumer behavior, as we have seen in the Middle East most recently. We'll continue to closely monitor the travel environment for any changes.

Our guidance for the third quarter assumes recent FX rates for the remainder of the quarter, including the Euro-US Dollar at 1.17. We estimate changes in FX will positively impact our third quarter US Dollar reported growth rates by about 4 percentage points.

We currently expect third quarter room night growth to be between 3.5% and 5.5%. We expect growth to moderate from the second quarter as the third quarter has a tougher prior year growth comparison.

We currently expect third quarter gross bookings to increase between 8% and 10%, including 2 percentage points of positive impact from higher flight ticket growth. We expect constant currency accommodation ADRs will be down slightly year-over-year.

We currently expect third quarter revenue growth to be between 7% and 9%, lower than the increase in gross bookings due to a higher mix of flight bookings, as well as increased merchandising contra-revenue, some of which is related to bookings made in prior quarters.

We currently expect third quarter adjusted EBITDA to be between \$3.9 billion and \$4.0 billion, growing 9% year-over-year at the high end.

We currently expect third quarter adjusted EBITDA margins to be similar to last year. This is primarily due to marketing leverage being offset by the timing of merchandising spend and increased sales and other expenses, some of which relate to the timing of payment costs.

Full Year 2025 Commentary

Turning to the full year 2025. While we recognize there is still elevated uncertainty in the macroeconomic and geopolitical environment, we are pleased to see that global travel demand trends continue to be steady so far in the third quarter.

Given these trends and with improved visibility for the third quarter, which historically has been our largest revenue and profit quarter, we are increasing our full year guidance ranges at the midpoint.

Assuming recent FX rates for the remainder of the year, we estimate changes in FX will positively impact our full year reported growth rates by about 3 percentage points. On a constant currency basis, our current expectations continue to be aligned with our long-term growth ambition of at least 8% gross bookings and revenue growth, and 15% adjusted EPS growth.

On a reported basis, for the full year we currently expect:

- gross bookings and revenue to be up low double digits;
- adjusted EBITDA to be up mid-teens;
- adjusted EBITDA margins to expand year-over-year by about 125 basis points, higher than our prior expectation of 50 to 100 basis points;
- revenue will grow faster than both marketing and adjusted fixed operating expenses;
- sales and other expenses to grow similar to revenue; and
- adjusted EPS to be up high teens.

* * *

In conclusion, we are pleased with our second quarter results and our outlook for the remainder of the year. We remain focused on executing towards our strategic vision of a Generative AI powered Connected Trip while taking actions to drive greater operating leverage. Thank you to all of my colleagues across the company for their amazing work and dedication toward delivering value for our travelers, partners, and shareholders.

About Booking Holdings Inc.

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

For Press Information: Leslie Cafferty communications@bookingholdings.com

For Investor Relations: Grace Lee ir@bookingholdings.com