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# Booking Holdings, Inc. (BKNG)

Q4 2025 Earnings Call

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

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Ladies and gentlemen, welcome to Booking Holdings' Fourth Quarter and Full Year 2025 Conference Call.

Booking Holdings would like to remind everyone that this call may contain forward-looking statements which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guaranteed of future performance and are subject to certain risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially from those expressed, implied, or forecasted in any such forward-looking statements. Expressions of future goals or expectations and similar expressions reflecting something other than historical fact are intended to identify forward-looking statements.

For a list of factors that could cause Booking Holdings' actual results to differ materially from those described in the forward-looking statements, please refer to the Safe Harbor statements in 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 is available in the For Investors section of Booking Holdings' website, [www.bookingholdings.com](http://www.bookingholdings.com). Booking Holdings intends to use the Investor Relations page of its website, [ir.bookingholdings.com](http://ir.bookingholdings.com), to disclose material information for purposes of the SEC's Regulation Fair Disclosure.

Booking Holdings encourages investors to monitor this website in addition to other public announcements and SEC filings as information posted on that page could be deemed to be material information.

And now, I'd like to introduce Booking Holdings' speaker for this afternoon, Glenn Fogel and Ewout Steenbergen. Please go ahead, gentlemen.

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## Glenn D. Fogel

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

Good afternoon, and thank you for joining us for Booking Holdings' fourth quarter conference call. 2025 was another year of strong execution for us. Despite volatility in the broader global markets, the underlying fundamentals of our business are solid.

Travel demand remains resilient and we continue to benefit from our existing global platform, which has positioned us well to serve travelers across geographies, trip types, and customer segments while also developing innovative AI-powered capabilities to serve travelers and partners even better in the future.

Throughout the year, we made meaningful progress on the priorities that matter the most for long-term value creation. This month marks the completion of my 26th year at the company. And I remain as optimistic as ever about our opportunities ahead.

It's an extraordinary time to be in the travel industry with Generative AI accelerating the pace of innovation and evolving how we deliver our mission, which is, to make it easier for everyone to experience the world.

With years of experience applying AI, from early statistical machine learning models to state-of-the-art Generative AI systems, coupled with a deep understanding of traveler intent through our data, we're beginning to deploy these capabilities to drive even more value, personalization, and ease of use for both travelers and partners.

I'm excited to share some highlights on this front, as well as progress on our strategic priorities. But first, let me briefly cover our financial highlights from the last quarter and the full year.

Our fourth quarter room nights reached 285 million, a 9% year-over-year increase. This exceeded the high-end of our expectations driven by healthy demand across all of our major regions. The better-than-expected room night growth helped drive fourth quarter gross bookings and revenue, both up 16%.

Adjusted EBITDA reached \$2.2 billion, up 19% from the prior year quarter. Finally, adjusted earnings per share grew 17% year-over-year. Consistent with our prior earnings guidance, I want to note that FX benefited our fourth quarter growth rates by approximately 500 basis points.

For the full year, top-line growth metrics are strong with room nights of more than 1.2 billion, an 8% increase year-over-year, and gross bookings and revenue growth up 12% and 13% respectively.

We achieved these top-line results while growing our bottom-line even faster with adjusted EBITDA of over \$9.9 billion, increasing 20% year-over-year, and adjusted margins reaching 36.9%, or up 193 basis points versus the prior year.

One enabler of this margin expansion was our Transformation Program, which we launched in November 2024 and as of year-end has already enabled approximately \$550 million in annual run rate savings, which was the high end of our prior guidance.

Finally, adjusted earnings per share was up 22% year-over-year, helped by the 4% reduction in our full year average share count versus last year.

I would note that FX benefited our full year growth rates by approximately 200 basis points for gross bookings, 300 basis points for revenue, and 400 basis points for adjusted EBITDA and EPS. That means our full year 2025 constant currency growth rates exceeded our long-term ambition of growing gross bookings and revenue by at least 8% and adjusted earnings per share by at least 15%.

As we look ahead to 2026, the pace of change across both travel and technology continues to accelerate. Our focus remains on consistently delivering greater value for our travelers and partners and enabling it through differentiated innovative solutions across our platforms.

With meaningful margin expansion achieved over the past two years and with savings from our Transformation Program, we are strategically investing further to support sustained growth and long-term value creation.

Assuming 2026 travel industry growth is in line with recent years, we are targeting full year constant currency top-line growth of approximately 100 basis points ahead of our long-term growth algorithm, while keeping bottom-line performance firmly in line with that framework.

Ewout will give further details on our full year outlook. Beyond the financial results, we continue to make steady progress on the initiatives that support our long-term strategy. We're advancing our Connected Trip vision, executing our growth strategies in Asia and the US, and continuing to build out AI capabilities that create more value for both travelers and partners. Taken together, these efforts are focused on improving how travelers plan, book, and manage their trips while also strengthening the tools and services we provide to our partners.

We continue to make measurable progress on our Connected Trip strategy with a goal of making the planning, booking, and travel experience more personalized, seamless, and enjoyable.

For the full year, Connected Trip transactions grew in the high-20% range and represented a low double-digit percentage of Booking.com's total transactions. As a reminder, a connected transaction is when customers choose to book more than one vertical with us for the same trip.

Flights remains an important component of many connected trips. For the full year, travelers booked 68 million airline tickets across our platforms, up 37% year-over-year, and represented gross bookings of \$16.8 billion.

We continue to see flights bring us new customers, meaning travelers who have not booked any service with us in the past, while also helping existing customers plan more of their trips with us, meaning multiple services across the journey. And we continue to advance the underlying capabilities that enable the Connected Trip at scale, including payments and customer service.

We also remain focused on our Genius loyalty program, which is available in more than 200 countries and territories and spans a broad range of supply, primarily independent properties and increasingly alternative accommodations and other verticals.

The benefits of Genius are straightforward. Rewarding our most loyal travelers with meaningful value while delivering more incremental bookings for our partners. Genius is built around immediate relevant benefits such as tiered discounts and perks like free breakfast or room upgrades.

Genius members book more frequently, book further in advance, and return more consistently than non-Genius travelers. In 2025, Level 2 and 3 Genius travelers represented over 30% of our active base and accounted for a

high 50% share of room nights, up from the previous year. Given the importance of loyalty and the success of Genius so far, we see additional opportunities to further strengthen the Genius offering in 2026.

Now, let me talk a bit about Asia. Asia continues to be one of the most attractive growth opportunities. Travel demand in the region remains structurally strong, supported by rising incomes and increasing cross-border travel. Our position in Asia benefits from the complementary strengths of Agoda and Booking.com.

Agoda's strong local presence and consumer trust across Asia combined with Booking.com's global reach and brand recognition allows us to serve both local, outbound, and inbound travelers.

For full year 2025, we saw low double-digit room night growth in Asia by staying focused on disciplined execution and balancing growth with profitability. We continued to invest in product improvements that support traveler value and work closely with partners to enhance payments and servicing capabilities that reduce friction and improve the end-to-end experience. Asia remains one of our highest focus areas and our ambition there continues to be to grow faster than the market over time.

Let me spend a moment on our supplier value proposition, because it's foundational to how our two-sided marketplace works, a competitive strength as agentic AI accelerates the pace of change, and a key driver of our long-term growth.

To provide context on our partner base, independent partners drive a vast majority of our room nights with the top 10 global chains representing only a low double-digit percentage of Booking.com's total room nights.

Independent partners choose to work with us not just for the demand we deliver, but for the broader set of technological capabilities we provide. Capabilities that would be complex or expensive to replicate on their own.

From global brand and performance marketing expertise and data-driven insights to integrated technology solutions across payments, advertising, and multilingual 24/7 customer service among others, we help partners operate effectively and more efficiently in an increasingly complex digital environment.

At the same time, we recognize effective partnerships require much more than technology alone. It's technology, local expertise, and working together, that is why we have dedicated partner services teams on the ground across the world.

For example, we learned with our partners the importance of local payments and why we've invested in the ability to process over 100 payment methods in over 50 currencies, an important solution for partners that don't accept alternative payment methods and for travelers who want to use their customary payment method. This is just one small example of how we are continuously improving our supplier value proposition.

Now, let me spend some more time on Generative AI which presents a major opportunity to further improve both a traveler and partner experience. Since inception, we have been an early adopter of technology and have been deploying AI at scale for more than a decade.

Our approach to GenAI mirrors what has been our long-established approach to leveraging all artificial intelligence technologies. We focus on where AI can deliver tangible, measurable outcomes for our customers, partners, and our business by continuing to improve our existing products and continuously testing so we can learn quickly and help shape what's next in travel.

In 2025, we focused on rolling out agentic capabilities across our brands that enhance the full traveler journey, helping customers discover and plan trips through natural language search, make more informed booking decisions with smart filters and summaries, and get better, faster support before and during their trip through interactive AI agents.

Once established in our core accommodations business, we then extended these capabilities into other verticals and added voice functionality. Based on our learnings in 2026, we will focus on further connecting these agentic capabilities to offer a more unified and personalized experience, deploying the technology in the places where it can have meaningful impact for customers and partners.

In addition to continuing to collaborate with leading AI companies such as OpenAI, Google, Microsoft, Amazon, and others. As general-purpose LLMs increasingly create new top-of-funnel entry points for travel and Generative AI drives increased global online participation and spend, our proactive engagement with major technology and AI players is positioning us to meet whatever level of demand ultimately migrates from traditional search firms to horizontal LLMs.

In everything we do, we leverage our global breadth, proprietary data, deep supplier integrations, decades of travel industry experience, and talented teams to accelerate the realization of AI's value across our business and for our customers. Ultimately, our goal is to leverage AI to make it easier for everyone to experience the world and we are encouraged by the progress we're making and the opportunities ahead.

In conclusion, as I look back over 2025, I am proud of all the hard work and excellent execution by our teams as they continue to advance our strategic initiatives while delivering strong financial results. These are exciting times in our industry, and I am confident in our position and in the investments, we are making to support long-term value creation and deliver an even stronger offering for both travelers and partners.

I will now turn the call over to Ewout.

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## Ewout Lucien Steenbergen

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

Thank you, Glenn, and good afternoon, everyone. I'm pleased to report that we finished 2025 with a strong fourth quarter and to share our current outlook for the first quarter and full year of 2026. All growth rates are on a year-over-year basis and the reconciliation of non-GAAP to GAAP financials can be found in our earnings release.

Now, let's turn to our fourth quarter performance. We finished off a year of steady improvement with our room night growth accelerating each quarter throughout 2025.

Our room nights in the fourth quarter grew 9%, exceeding the high-end of our guidance range by 3 percentage points, as we saw benefits from our continued investments into Asia and the US and the booking window was more expanded than expected.

On a regional basis, Asia and the US each delivered low double-digit growth, and Europe and the rest of world were up high single-digits. We're pleased to see an acceleration in US room night growth over a strong prior year comparison.

Growth in the US was helped by continued targeted investments including, in brand and our traditional performance marketing channels and by continued momentum in our B2B business. We're also encouraged by the continued growth in our direct channel in the US. The booking window in the US remained steady in the fourth

quarter, though we continue to see slightly lower ADRs and a slightly shorter length of stay versus the prior year, which may indicate that some consumer segments are continuing to be thoughtful on their discretionary spending.

Gross bookings increased 16% year-over-year, or about 11% on a constant currency basis. The constant currency growth rate was approximately 2 percentage points higher than room night growth due to about 1 percentage point from higher bookings growth from flights and other travel verticals as well as an increase in constant currency accommodation ADRs of about 1%.

The increase in gross bookings exceeded the high-end of our guidance by about 3 percentage points driven primarily by the room night outperformance.

Fourth quarter revenue grew 16% year-over-year, which exceeded the high-end of our guidance by about 4 percentage points, slightly higher than the outperformance on gross bookings due to higher than expected payments revenue. Constant currency revenue growth was about 11%.

Marketing expense as a percentage of gross bookings was 24 basis points higher year-over-year. In the quarter we saw opportunities to achieve incremental demand at attractive ROIs in traditional performance marketing channels in addition to higher brand marketing expenses versus a comparatively lower level of spend a year ago.

We also continue to make disciplined investments in social media channels at attractive ROIs. We remain focused on our efforts to strengthen our direct relationship with our travelers while maintaining the flexibility to invest in customer acquisition when and where there are attractive opportunities to do so.

In the fourth quarter, sales and other expenses was a source of year-over-year leverage driven by increased efficiencies in customer service, partially offset by an increasing merchant mix resulting in higher payment expenses.

Adjusted fixed operating expenses increased 10% year-over-year, or low single-digits after normalizing for changes in FX and a \$44 million accrual for an indirect tax matter.

Adjusted EBITDA of approximately \$2.2 billion grew 19% year-over-year, which was about 5 percentage points faster than the high-end of our guidance due primarily to the stronger-than-expected revenue growth. Constant currency adjusted EBITDA growth was about 14%.

Adjusted EPS of \$48.80 per share was up 17% year-over-year lower than the growth in adjusted EBITDA as a higher tax rate in the quarter was partially offset by a 3% lower average share count. The higher tax rate was mostly due to the timing of certain adjustments in the quarter. Please note our full year tax rate was slightly below last year.

During the fourth quarter, we realized approximately \$130 million of in-quarter savings from the Transformation Program, primarily in sales and other expenses and in personnel expenses. We incurred \$30 million in transformation cost, which were excluded from our adjusted results.

Turning now to our full year 2025 results. We're pleased to report that our 2025 room nights grew 8% year-over-year. On a regional basis, we saw high single-digit room night growth from Europe and rest of world. Asia was up low double-digits and the US was up mid-single-digits.

We saw a strong acceleration in US room night growth in the second half of 2025, as growth improved from low single-digits in the first half of the year to low double-digits in the fourth quarter.

Similar to 2024, bookers from Europe represented about half of the room nights booked in 2025, bookers from Asia were about a quarter and US bookers were a low double-digit percentage.

Our 2025 B2C direct mix was in the mid-60% range, similar to last year. The mobile app mix of our room nights was in the mid-50% range in 2025, which was up from the low-50% range in 2024. The significant majority of bookings received from our mobile apps come through the direct channel.

Our Genius loyalty program is a cornerstone of our value proposition. We're seeing strong engagement as travelers benefit from compelling rewards and partners gain access to our most loyal customer segments. The mix of Booking.com room nights booked by travelers in the higher Genius tiers of Levels 2 and 3 was in the high 50% range in 2025, and this mix increased from the mid-50% range in 2024. These Genius Level 2 and 3 travelers have a meaningfully higher direct booking rate than our other travelers.

We continue to make progress across our key growth areas such as alternative accommodations, payments, flights, and attractions, which help drive engagement with our platforms.

For our alternative accommodations at Booking.com, our full year room night growth was about 10% including about 9% in the fourth quarter. The global mix of alternative accommodation room nights was about 36% for the full year, which was up 1 percentage point from last year. We believe travelers value the optionality to choose between alternative accommodations, independent hotels, and chain hotels in one integrated accommodation offering. As Glenn noted, almost 90% of Booking.com's room nights are associated with independent hotels, alternative accommodations, and smaller chains.

In 2025, we generated \$130 billion in merchant gross bookings, a 25% increase year-over-year. Merchant gross bookings represented about 70% of total gross bookings, an increase from about 63% in 2024.

Our merchant payments platform is a core enabler of the Connected Trip vision, as we provide flexibility for both travelers and partners while also generating incremental revenue and contribution margin dollars for our business.

In 2025, approximately 68 million airline tickets were booked across our platforms, representing an increase of 37% year-over-year, driven by the continued growth of our flight offerings at Booking.com and Agoda.

Attraction tickets booked on our platforms grew nearly 80% year-over-year from a relatively smaller base. These strong growth rates reflect continued progress on our Connected Trip vision and our data shows that travelers who book more than one travel vertical with us come back more frequently to us.

As Glenn noted, we delivered top- and bottom-line results ahead of our long-term growth algorithm in 2025, reflecting the resilience of our business model. Our total gross bookings and revenue increased 12% and 13% respectively and both growth metrics grew about 10% on a constant currency basis.

Revenue as a percentage of gross bookings was 14.5% in 2025, which was up slightly versus 14.3% in 2024 due primarily to a benefit from higher payment revenues. Our underlying accommodation take rates continue to be stable.

Marketing as a percentage of gross bookings in 2025 was 4.4%, similar to 2024 as growth in our direct channel was offset by our decision to invest in traditional performance marketing and social media channels at attractive ROIs. On a combined basis, marketing and merchandising as a percentage of gross bookings was 5.5%, similar to 2024.

Sales and other expenses as a percentage of revenue was a source of leverage in 2025 due to efficiencies in customer service which more than offset higher payment costs. We're encouraged by the tangible results we're seeing from our accelerated integration of Generative AI within our customer service operations. It's remarkable to see a year-over-year decrease in customer service cost even as we delivered double-digit growth on gross bookings and revenue.

Our 2025 adjusted fixed operating expenses were up 7% versus 2024 and up about 4% on the constant currency basis, which was 6 percentage points lower than revenue. This was a substantial source of operating leverage, a direct result of the disciplined actions we executed throughout the year to keep our cost base lean as we continue to scale.

We delivered approximately \$250 million of in-year savings in 2025 through our Transformation Program, primarily in sales and other expenses and in personnel expenses and well ahead of our commitment of \$150 million of in-year savings at the start of the year.

Through our Transformation Program and broader operational efficiencies, we created capacity to reinvest about \$170 million above our baseline investments into key strategic priorities such as GenAI, the Connected Trip, fintech, advertising, OpenTable's international expansion, and growing in Asia and the US to strengthen our long-term earnings profile. These reinvestments benefited our 2025 gross bookings and revenue growth, particularly in the back half of the year.

We remain disciplined in our approach to reallocating our resources, ensuring that our reinvestments are aligned with our strategic priorities and deliver measurable returns for our shareholders and we expect these to help deliver incremental top-line growth in 2026.

Our full year adjusted EBITDA was over \$9.9 billion, which was up 20% year-over-year and up about 15% on the constant currency basis. Adjusted EBITDA margin of 36.9% was 193 basis points higher year-over-year, underscoring our ability to deliver profitable growth and margin expansion while simultaneously funding the strategic investments that support future growth.

Our full year adjusted EPS was over \$228 per share and grew 22% year-over-year, and about 18% on a constant currency basis, aided by a 4% lower average share count. As we have said before, we believe stock-based compensation is a real operating cost and as a result, we consistently reflected in all of our profit metrics. And we strongly believe this should be an industry standard in reporting.

Now, on to our cash and liquidity position. Our fourth quarter ending cash and investments balance of \$17.8 billion was up versus our third quarter ending balance of \$17.2 billion due to about \$1.7 billion of debt raised in November, and about \$1.4 billion in free cash flow generated in the quarter, partially offset by about \$2.4 billion of capital return, including share repurchases and dividends, which was the highest amount of capital return in a quarter since 2023. For the full year, we generated about \$9.1 billion in free cash flow, 15% more than in 2024.

We believe we have set a solid framework to compound shareholder value by prioritizing organic reinvestments in the business, combined with attractive capital returns. For the full year, we returned a total of \$8.2 billion to our

shareholders. This included \$5.9 billion in share repurchases and \$1.2 billion through our quarterly cash dividend program, alongside \$1.1 billion utilized to settle the conversion premium on our convertible notes at maturity and avoid dilution from settlement in stock.

Since restarting our repurchase program in early 2022, following the pandemic related pause, we have returned over 100% of free cash flow to shareholders, repurchasing \$29 billion in stock and driving a 22% reduction in share count net of the dilutive effect of stock-based compensation. Going forward, we plan to continue to return capital to our shareholders as well as maintain our disciplined focus on optimizing our capital structure, built on a foundation of investment grade credit ratings and around 2x growth leveraged through the cycle.

And we are pleased to announce that our board of directors approved a 9.4% increase to our quarterly cash dividend per share to \$10.50 per share. This reflects our confidence in our long-term earnings trajectory and our commitments to leverage our financial strength to deliver sustained capital returns to our shareholders, all supported by our strong free cash flow generation.

We're also pleased to announce that our board of directors has approved a 25 for 1 stock split. This split will take effect on April 2nd and we will begin trading on a post-split basis, starting April 6th.

Moving to our thoughts for the full year 2026, we intend to build upon what we accomplished in 2025, a year in which we reinvested in our strategic priorities and expanded adjusted EBITDA margins.

We exited 2025 having enabled approximately \$550 million in annual run rate savings through our transformation program, meeting the high-end of our previous guidance. We expect to deliver these run rate savings by the end of 2026. We estimate the aggregate transformation costs will be less than 1x the ultimate annual run rate savings. In 2026, we will maintain this disciplined model, driving further operational efficiencies, including through the transformation program to free up capacity for continued reinvestments in our strategic priorities.

We expect the transformation program to deliver in-year savings of \$500 million to \$550 million in 2026 or more than \$250 million higher than in 2025. Beyond the transformation program, we aim to drive additional efficiencies in our ongoing operations through both marketing and fixed operating expense leverage.

With the capacity created by these savings and efficiencies, we are reinvesting about \$700 million above our baseline investments in 2026, into areas such as progressing our GenAI capabilities, advancing our Connected Trip vision, growing in Asia and the US, growing our advertising business, OpenTable's international expansion and expanding our FinTech and loyalty offerings. We expect these initiatives to contribute approximately \$400 million in incremental revenue in 2026, resulting in a net impact of about \$300 million to adjusted EBITDA for the year.

We expect the reinvestments in 2025 and 2026 will help us to deliver constant currency gross bookings and revenue growth that is about 100 basis points faster than our long-term growth ambition of 8%, while expanding adjusted EBITDA margins by approximately 50 basis points. This framework supports a constant currency adjusted EPS growth trajectory in line with our long-term growth ambition of 15%.

Our guidance for 2026 assumes recent FX rates for the remainder of the year, including the euro/US dollar at 1.17. We estimate changes in FX will positively impact our full year reported growth rates by about 2.5 percentage points for gross bookings, about 2 percentage points for revenue, and by about 1.5 percentage points for adjusted EBITDA and adjusted EPS.

On a reported basis for the full year, we expect gross bookings to be up low-double-digits, revenue to be up low-double-digits, adjusted EBITDA to grow faster than revenue and adjusted EBITDA margins to expand year-over-year by about 50 basis points. Revenue to grow faster than both marketing and adjusted fixed operating expenses, sales and other expenses as a percentage of gross bookings to be flat year-over-year and adjusted EPS to be up mid-teens.

Zooming in on the first quarter of 2026, we are encouraged by the positive momentum we have seen so far in the new year. We currently expect first quarter room night growth to be between 5% and 7%. We estimate changes in FX will positively impact our first quarter reported growth rates by about 7 percentage points for gross bookings and revenue, and by about 8 percentage points for adjusted EBITDA.

We expect first quarter gross bookings to increase between 14% and 16%, including more than 1-percentage point of positive impact from higher flight ticket and other verticals growth. We expect constant currency accommodation ADR to be about in line with last year.

We expect first quarter revenue growth to be between 14% and 16%, similar to gross bookings as higher payment revenues are offset by increasing flights mix. We expect first quarter adjusted EBITDA growth to be between 10% and 14%. First quarter adjusted EBITDA growth expectations would be about 20% at the high end of the range after normalizing for the \$53 million in one-time benefits that we noted during last year's first quarter earnings call.

In conclusion, I'm proud of how our teams executed in the dynamic environment, delivering strong results, expanding margins and strategically investing in growth opportunities. Entering the year ahead, we do so with unwavering confidence and focus on growth and innovation, particularly by leveraging the immense potential of generative AI enabled capabilities.

Our vision is to continue to unlock increasing value for our travelers and partners, drive durable growth and attractive returns for our shareholders and remain well positioned for the opportunities ahead. I would like to thank all of my colleagues across the company for their dedication and extraordinary work throughout the year.

With that, we will now take your questions.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. And we'll now begin the question-and-answer session. [Operator Instructions] And our first question comes from the line of Mark Mahaney with Evercore. Your line is open.

### Mark Mahaney

*Analyst, Evercore ISI*

Q

Okay, thanks. I think the most impressive number I heard there was 26. I think Glenn that may make you the longest lasting executive in tech land. The question I wanted to ask had to do with the marketing spend deleverage in the December quarter, could you just talk about that a little bit more? Was there something that you saw in particular that made you want to lean in? And it sounds like you're going to continue to lean in into marketing spend in 2026. But just any more color on that? It seems like a little bit of a change for you. Thank you very much.

### Glenn D. Fogel

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

A

Hi, Mark. It's Glenn and thank you. I think it's [ph] marking me older (00:40:18). I'd like to be noticed as, but okay. Yeah. Look, we – here's one of the things that we always and you know this Mark, you've been following us for a very long time. You know we like to be tactical. We like to take advantage when we see opportunities. You know that old saying about strike while the iron is hot? I mean, it goes back to 1300s, Chaucer first came up with it. I mean, that's really important.

So, we see time where we can put money to work. That's going to help build the value of this franchise over the long term. We're going to do it. And I'm not going to worry about the fact that, oh it looks like a little deleveraged here. That's not the way to look at it. I always talk about look for the long term. And that's what we're doing here. It's especially nice you can do it if you're saving money in other places. That's the part I really like, [ph] you say okay (00:41:07)? So maybe we deleverage a little bit in marketing. That's helped build the business. And we have the money because we've leveraged elsewhere. And I'll let Ewout talk because he's always looking at these numbers very carefully.

### Ewout Lucien Steenbergen

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

A

Yes. Good evening, Mark. A couple of additional points. First, I think it's important to look at the marketing deleverage in the context of a quarter where we delivered 19% EBITDA growth and expanded EBITDA margins by 80 basis points. Besides the reason that Glenn just highlighted the opportunities we saw in performance marketing, leaning in there with attractive ROIs, there are two other reasons.

The other reason, the first other reason is we saw also continued expansion in our social media investments. So, great opportunities there leaning in with some other social media platforms than we were using in the past. So, overall, 13% growth in terms of investments in social media marketing. And the third reason is we also had higher brand marketing spend in the fourth quarter. That can always a little bit be lumpy. In 2024, it was mostly centered in the summer around UEFA European Soccer Championship. In 2025, it was more back ended in the year in terms of brand marketing spend, but overall this helped us to accelerate our room night growth to 9% in the fourth quarter.

And also, please note that for 2026, what we have said is that we aim to achieve marketing leverage. Again unless of course, we find those really great opportunistic moments that we can lean in again in this year.

**Mark Mahaney**

*Analyst, Evercore ISI*

Q

Thank you very much.

**Operator:** And our next question comes from the line of Lee Horowitz with Deutsche Bank. Your line is open.

**Lee Horowitz**

*Analyst, Deutsche Bank Research*

Q

Great. Thanks so much for the question. I guess as you rollout agentic capabilities across your properties in coming months and years, where do you see the greatest economic uplift for Booking from these technologies in terms of how you expect them to change consumer behavior? And relatedly, what should we expect in terms of say the product cadence you intend to deliver in terms of getting these agentic experiences into the hand of the consumer in 2026? Thanks so much.

**Glenn D. Fogel**

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

A

Hi, Lee. So, a lot of talk about agentic travel, agentic commerce, you can't almost have a conversation without using the word agentic. So you know we've been building for a long time. And let me move this into a bigger picture because I've been talking about this sort of God, before the people talking about all sorts of networks and large language models, I've been talking about trying to create that personal travel agent digitally using technology to replace what was that human travel agent where we'd be able to personalize and using all we know, all the data and be able to come up with a better solution for the travelers. And also a better way that our partners could then lean in and be able to get more business by offering the right thing, the right offer to the people at the right time. And that's what we're building and have been building for some time in all different ways.

And look, you've seen the growth we had in our Connected Trip. Ewout talked about that, and we're going to continue on that. We're keen to build out all sorts of new ways to do agentic different parts of the systems where agentic capabilities are being brought in. But I'm not going to talk specifically to which areas or what the roll out times are. I'll just say I love what we're doing. We're spending an awful lot of energy, effort, money into these different parts of our business. And I'm looking very forward to what we'll be bringing through the year, and you'll be seeing it. But we're not going to actually give away the playbook right now. Ewout, do you want to add anything specific that Lee wants?

**Ewout Lucien Steenbergen**

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

A

Yeah, Lee, a couple of metrics that we're looking at very specifically in terms of impact. I have to say in advance, these numbers are still relatively small, but I think it is already quite encouraging what we're seeing with respect to agentic tools that we're implementing within our current product, within our current FX to UX, I mean today. More engagement from our traveler customers, faster search, better conversion, lower cancellation rates, and positive customer satisfaction. So those are a couple of things we're seeing. Again, the numbers are relatively small but certainly encouraging.

**Glenn D. Fogel**

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

A

You didn't mention though you love talking about the customer service, Ewout. I mean you did say it in your script but you could say it again because it is wonderful about lower cost.

**Ewout Lucien Steenbergen**

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

A

Yeah. And this is of course very much around efficiencies, and opportunities around efficiencies. I think a colleague CFO said during a call last quarter, I've forgotten who it was, GenAI is everywhere except for in the P&L. I'm very proud that we can point to a line item in the P&L where we actually do have meaningful results on the efficiency basis because as we said during the call our absolute number in terms of customer service costs are down and our bookings are up approximately 10%.

So we have about a 10% decline in customer service cost per booking. And that has a real impact in our S&O, our sales and other line where we have seen now more leverage in the recent past. So pretty proud about what the teams have accomplished in that area and more to come.

**Lee Horowitz**

*Analyst, Deutsche Bank Research*

Q

Helpful. Thank you both.

**Operator:** And our next question comes from the line of Eric Sheridan with Goldman Sachs. Your line is open.

**Eric J. Sheridan**

*Analyst, Goldman Sachs & Co. LLC*

Q

Thanks so much for taking the question and thanks for all the detailed prepared remarks. I want to come back to the comments you made about the Genius program. Can you talk to us a little bit about what signal you're getting as the scale of the Genius program continues to build and how do you think about that as an area for incremental investments in the business to continue to gain operating momentum around the Genius program when you think about your priorities for the next 12 to 18 months? Thanks so much.

**Glenn D. Fogel**

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

A

Yeah, I'll – Eric. I think that Genius is a wonderful program, but it's not nearly what it can be and will be in the future. Look, we know how important loyalty is, particularly nowadays, the way we see the world changing. And we want to increase that loyalty. We absolutely want to do things that are more than just the way it's been done. And look, I'm thrilled it produces a tremendous amount of value we got. Ewout talked the numbers, our Level 2 and 3 Genius members who are coming back and it's nice to see that we've been expanding it from just accommodations and going at the other verticals, offering more things, but I think it can be a lot more and it's going to be. But I don't think we're going to disclose today what it's going to be but I will say we're working hard because we know how important it is.

**Eric J. Sheridan**

*Analyst, Goldman Sachs & Co. LLC*

Q

Thank you.

## Ewout Lucien Steenbergen

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

A

And Eric just to point out one additional data point: so we have seen the contribution of Genius Levels 2 and 3 customers to the overall room nights going up year-over-year. So, we're now at the high 50% level. And that is of course a number that is highly correlated with travelers that come direct to us, the frequency that they're coming to us, the number of verticals that they are booking with us. So all of these things are interrelated.

And I think what is really important is, we will continue over the next period to make it really attractive for customers to continue to come direct to us in the future. We're going to build a lot of agentic tools at the top of the funnel. So people that can come to us in our platform that they like, they trust, they have the loyalty with, they know if something goes wrong, we will fix it for them, they can now connect it to other parts of the verticals, so that we make it really attractive for those customers to come to us even more often direct in the future.

**Operator:** And our next question comes from the line of Alex Brignall with Rothschild & Company. Your line is open.

## Alexander Robert Lyon Brignall

*Analyst, Rothschild & Co Global Markets Solutions Ltd.*

Q

Thank you very much for taking our questions. Good evening. I had one on – you've obviously been ahead of many in terms of being early partners with some of the agentic businesses. I wonder if you can give us an update on how their plans are evolving, what behaviors you're seeing, strategies that they're adopting in terms of how they sell traffic or anything they're attempting to do potentially. If you could talk about their views on being the merchant of record, that would be hugely helpful. Thank you.

## Glenn D. Fogel

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

A

Alex, so you're correct. We've been very early working with all of the large language model players and lots of different ways we've been working. And we said in the last call, and we'll say it again, it's very early. There's not a lot to show right now. So there's no real information to give in that area. And your question you're asking us, what can we tell you about what their paths are going forward or not, and of course we don't sit in their boardrooms, nor do they share their strategies with us in great detail.

However, I can say this though, and this is important and I think there's a lot of discussions about are the OTAs going to be disadvantaged in the future by large language models entering the space, et cetera. And you brought up the right question about being a merchant of record. That's really hard. That requires a lot of things.

So we – Ewout talked about the supplier proposition and the incredible things that we do to make sure that we are able to help our partners succeed. Ewout mentioned about how – I mentioned about almost 90% of our accommodation business is coming from either independent hotels or homes, alternative accommodations, small brands. Those are not sophisticated players at all. You got to establish connectivity with them to get that availability, get that pricing, get that inventory, be able to keep it up because it's always changing.

Now, we have over 4 million properties that we have to deal with all the time and we have to keep that constant all the time. So that's really complex and hard to do, but we do it. And then we have thousands and – we have several thousand people who are our partner services people. So part of them are just keeping the technology up so we can get all that information, have it live and bring it through. And that you are dealing daily with these property managers to make sure that we're helping them succeed in their business.

It's not as though you just put it up and all of a sudden it works. No. And we're bringing them new ideas, new rates, coming up with – being part of Genius, so we say gee, we have some geography rates for your mobile rates. So that is a constant thing that we're going back and forth and whether it's one-to-one conversations or we're doing other types of communications but it's helping their business be successful.

The idea that the large language players are going to be doing that, I don't know about that. And then you get into the area of payments, you want to be merchant of record, payments Ewout talked how important that is. Well, that's really complex and we have over 100 different payment methods, 50 – more than 50 currencies. Now, why is that? Because the supplier has no idea how to take these strange payments that the customer wants to give. They want their payments to come to them in a certain way. By the way, the traveler wants to pay in a certain way.

That's another issue of complexity that I don't think – my opinion, I don't think that the large language models are going to want to enter that whole space and all that issue. And then by the way, just so you know, regulations on the payments area is tremendous. In fact, there's regulations on the whole thing. You want to be involved in the travel business and you want to be dealing with merchant of record, and you want to be dealing with combined because in Europe you got – I mean just the combination of abbreviations you got to deal with: DSA, DMA, DFA, EU AIA, P2B, DAC 7, I can go on and on. And that's just EU. That's just the EU. And then of course the national regulations, we're dealing with over 200 countries you got to deal with. So do we think that the large language models that are entering want to enter down the funnel down to where? I don't think so. And then even if that did happen, even if they were thinking about going in there, the question is will the customer want to be there?

Ewout was just talking about that loyalty issue, talking about Genius, talking about how many people come to us direct also, those people come to us because they actually find value using us. Look, we've been competing, so to speak, with a top-of-funnel player who is very big for a very long time and people go there but yet then they come to us direct many of them. Why? Because we are offering them something of value. That's what I believe is going to continue, and by the way, it's been very successful for that large person at the top of the funnel: Google. We've both done very well.

They've made very good money setting up an auction format for taking advertising and we have been more than happy to pay a lot of money as have competitors of us. It's worked out really well for them and it's worked out really well for us. And by the way, some of these other large language models when they're looking at this, they may say, you know, that's the right way to do it. Not go down the funnel. Don't become merchant of record. Take it high above. Don't deal with the mess of the day-to-day in and out that we have to deal with all the time. Successful for us, successful for them. I think that's the way it's probably going to go in the end. But that's my opinion.

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**Alexander Robert Lyon Brignall**

*Analyst, Rothschild & Co Global Markets Solutions Ltd.*

Thank you very much indeed.



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**Operator:** And our next question comes from the line of Lloyd Walmsley with Mizuho. Your line is open.

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**Lloyd Walmsley**

*Analyst, Mizuho Securities USA LLC*



Thanks. Two if I can. First, sort of following up a little bit on the last question, are you still seeing growth in paid search – traditional paid search channels? And then second one would just be looking at some of the reinvestment. I think you said \$700 million and you guys gave helpful color on some of the product areas where you're investing, but is a lot of that show up in marketing spend? Does it show up in supply acquisition people to build out experiences or like where – if you can elaborate a bit on where some of that spend is hitting, we would – that would be helpful. Thanks.

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**Glenn D. Fogel**

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

A

So, in terms of search, search is good. We're doing good business, we'll say it's good and I'm sure you've heard Google talk about it, so this is a good place for us to continue to grow our business. In regard to the second question, I don't know how much more Ewout is going to want to share here.

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**Ewout Lucien Steenbergen**

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

A

Yeah, let me give a couple of additional points in color – of color, Lloyd. So if we think about the investments areas, there are a couple of those, they are in the category of core OTA. So, as we already have said last year we're investing in advertising, in social media, from a geographical perspective, the US and Asia. We spoke already about loyalty and Connected Trip. So all of these will continue in some new areas in those categories, but we believe those would be very attractive.

Also in generative AI, several different developments, an expansion of our total addressable markets in new verticals like attractions and expanding the OpenTable dining network internationally and then fintech. Fintech is becoming a really large business for us. It's already a significant P&L driver and there we continue with localization of our fintech offerings as we already discussed before, scaling our FX product. So those are a number of areas where we are investing.

So, please keep in mind that those expenses then go into two lines: fixed OpEx and sales and other, but we will have also then revenues that are offsetting. So we said the net impact on the EBITDA line is about \$300 million. But we also said that the Transformation Program is delivering additional in-year savings in 2026 of \$250 million. So it's largely self-funded through our initiatives. So therefore, we can still expand our EBITDA margins by approximately 50 basis points and grow the top line 100 basis points faster than our overall algorithm.

So, we're very excited about these opportunities. We have a great track record in delivering and the execution of growth initiatives. So if you think about the past, if this company puts its resources behind certain areas, it will deliver: flights, payments, attractions, and so on. So this is going to help to drive a much faster growth trajectory for the company in the future. So super excited about that.

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**Lloyd Walmsley**

*Analyst, Mizuho Securities USA LLC*

Q

Okay. Thank you.

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**Operator:** And our next question comes from the line of Trevor Young with Barclays. Your line is open.

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**Trevor Young**

*Analyst, Barclays Capital, Inc.*

Q

Great. Thanks for squeezing me in. In your alternative accommodation business, continuing to slow a little bit there, albeit with very tough compares. I appreciate you don't guide granularly, but how should we think about growth from here? Should this return to double-digit growth territory on a room night basis if you expect stronger top line for total overall company?

And is there anything in particular you need to do to reaccelerate that growth? I don't recall hearing alts being called out as kind of one of the investment areas for this year. Thank you.

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**Glenn D. Fogel**

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

**A**

Trevor, we're not going to give a number going forward and I think [ph] Ewout has always said out (00:59:40), this is a number, it's a little bit noisy; you get noise in there and such. But we believe that the alternative accommodation area is a very important area for us in the future. And the fact that Ewout didn't call it out as an investment thing when we're always investing in there and trying to build it out.

And I've talked about this, it's a good thing you asked the question because it would be a shame if we had a quarter I didn't talk about it. It's a great product. We're growing it. It's nice, but we got more to be done, and we got more to be done there and improving the product and certainly there are areas where we are still nowhere near where I'd like to be in terms of inventory, but we are building it. So I hope nobody takes something from this call and thinks, oh, it's not as important. No, it is important and it's something that we are going to continue to be working hard on.

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**Ewout Lucien Steenbergen**

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

**A**

And Trevor, just to add some numbers to what Glenn just said, to underscore that alternative accommodations still really will have a large potential for us in the future. So what we have seen is healthy growth of alternative accommodation supply. So this is year-over-year up approximately 8%. We're now at 8.6 million listings.

In the US it's actually growing faster. That's a great area where we have still a lot of potential in terms of alternative accommodations. So this has been input in terms of our 2026 guidance for overall faster top line growth metrics for this year. So definitely you should interpret here that we are quite optimistic about the outlook for alternative accommodations.

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**Trevor Young**

*Analyst, Barclays Capital, Inc.*

**Q**

Great. Thank you both.

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**Operator:** And that concludes our question-and-answer session. I will now turn the call back over to Mr. Glenn Fogel for closing remarks.

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**Glenn D. Fogel**

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

I want to thank our dedicated employees, our stockholders, and most importantly, our customers, travelers, and partners whose commitment and support were foundational to our strong performance in 2025. Thank you and good night.

**Operator:** And ladies and gentlemen, this concludes today's call and we thank you for your participation. You may now disconnect.

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