



Earnings Call Q4 and FY 2016

24 February 2017



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Company overview

Financial performance

Guidance 2017

Appendix: Financial statements

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Company overview

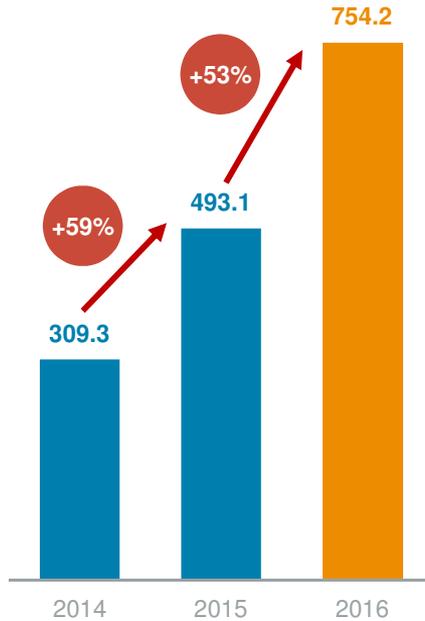
Financial performance

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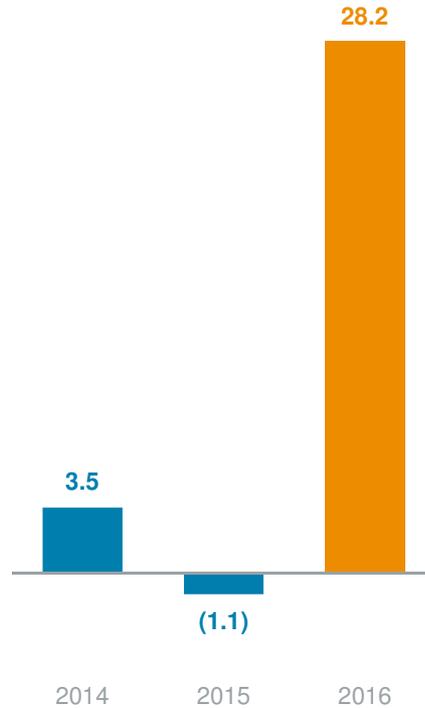
Appendix: Financial statements

2016 – Financial Performance

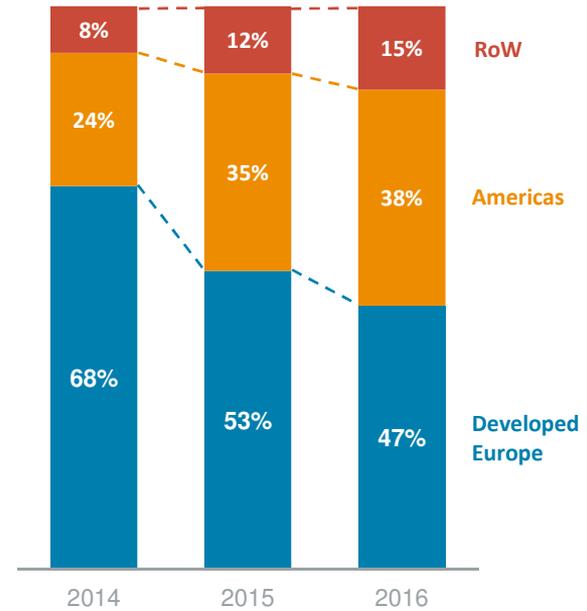
Strong Total Revenue growth (€mm)



Return to profitability Adj. EBITDA* (€mm)



Strong Referral Revenue growth in Americas and RoW



2016 – Key Achievements



Strong growth in Japan: Already one of the largest countries by revenue in Rest of World in 2016

Buildup of expert team on Amsterdam IT campus: Continuous investment in personalization and semantic analysis

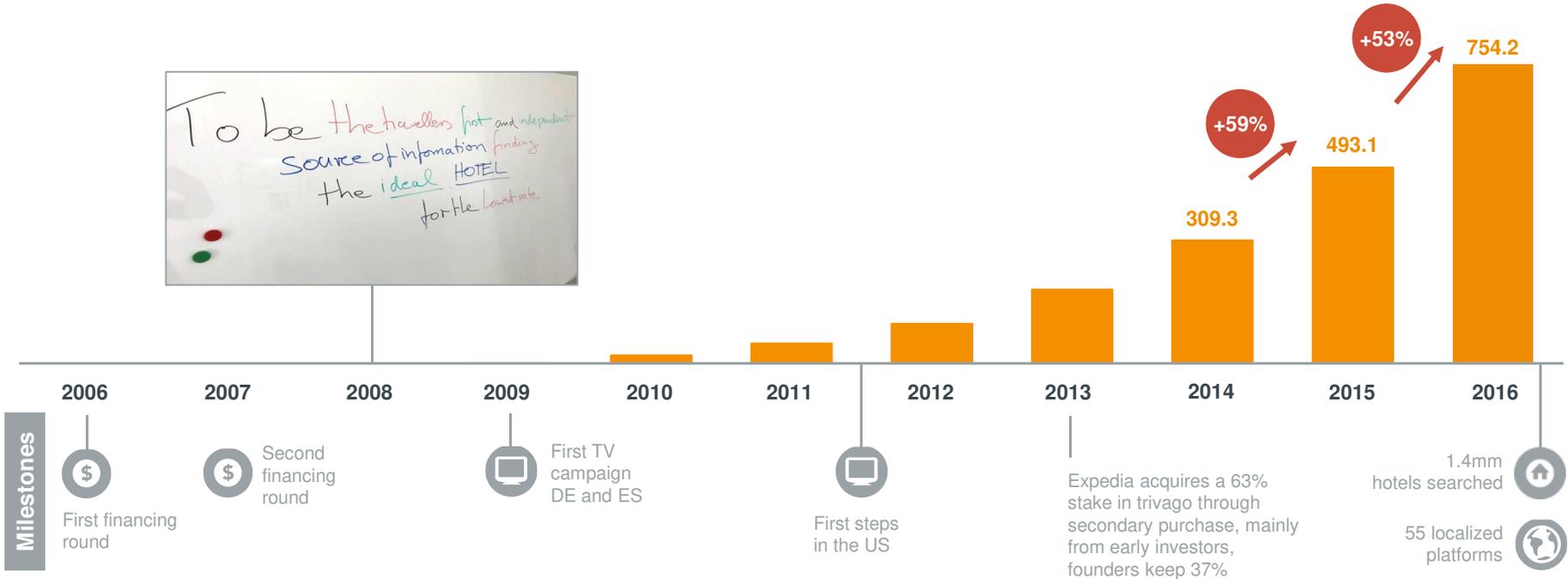
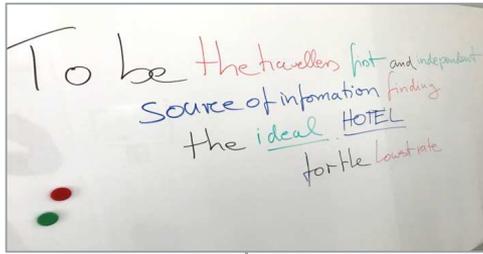
Roll-out of Mr. & Mrs. trivago to a total of 26 markets: Pre-testing of new creatives rolled out to cover over 500 spots in 2016

Launch of end-to-end measurement: Optimization of marketing channels and product development following opening up of market place

Successful IPO in December 2016: Significant ramp-up in team and investment in processes

trivago has developed rapidly whilst raising only €1.4mm prior to our IPO

trivago Total Revenue (€mm)



Milestones

- 2006**: First financing round
- 2007**: Second financing round
- 2009**: First TV campaign DE and ES
- 2012**: First steps in the US
- 2013**: Expedia acquires a 63% stake in trivago through secondary purchase, mainly from early investors, founders keep 37%
- 2016**: 1.4mm hotels searched, 55 localized platforms

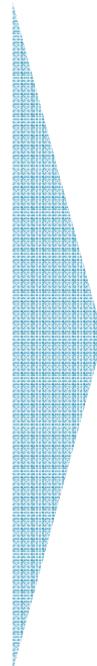
The online hotel market is vast and growing quickly as consumers continue to transition online

\$415bn Large Global Hotel Bookings Market⁽¹⁾

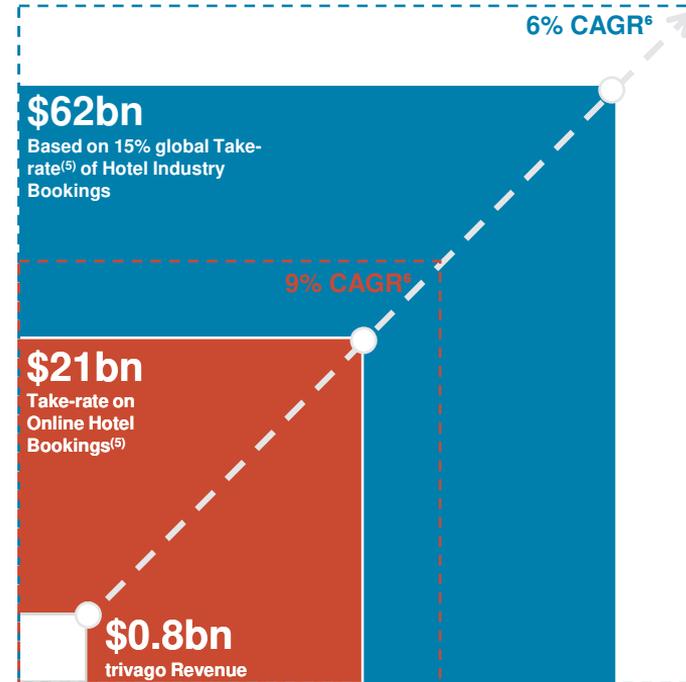
33% Low Online Penetration⁽²⁾

10.8% High Online Hotel Bookings Growth⁽³⁾

56% Highly Fragmented Market⁽⁴⁾



Market Potential



1. 2016 estimated number
2. According to Phocuswright, online hotel bookings as a percentage of gross hotel bookings
3. According to Phocuswright, 2015-17E online hotel bookings CAGR
4. According to Olakala, as of 01/01/2016 including hotels and extended stay
5. 15% estimated avg. take-rate of Global Hotel Industry Booking
6. 6% CAGR 2017-2020 expected for Global Hotel Industry Bookings, 9% CAGR 2017-2020 expected in online bookings

trivago value proposition

Challenges addressed

Choice



1.4mm
hotels

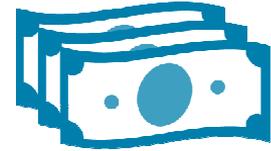
Find the ideal hotel
for the trip

Availability



Find online availability from over
200 advertisers

Price



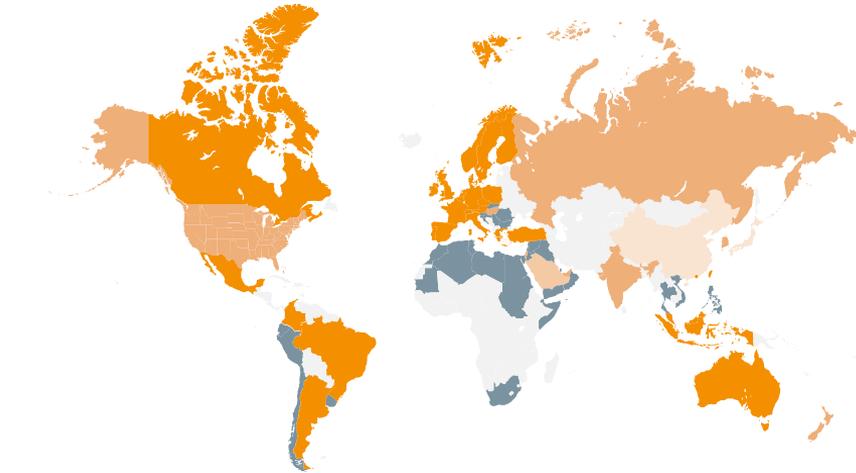
Book at the lowest rate

The trivago system



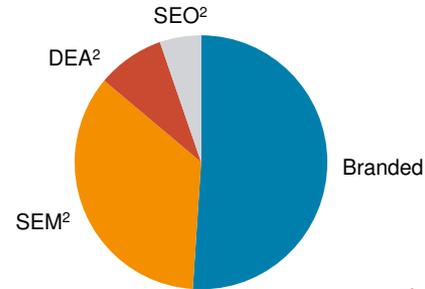
We dominate the top of the funnel for the hotel vertical with our strong consumer brand

Aided brand awareness¹



■ >75%
 ■ 50 – 75%
 ■ 25 – 50%
 ■ Below 25%
 ■ Present
 ■ Not Present

Referral Revenue FY 2016
by Traffic Type



trivago


 tripadvisor

 Booking.com

 Expedia

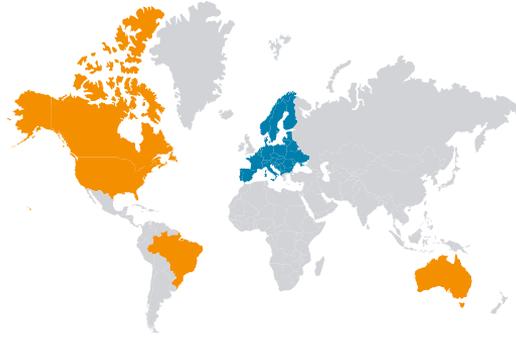
We continuously increased the number of advertisers and are now also building business with individual hotels

2005 – 2009



4 Global OTAs
>15 Regional OTAs
>10 Chains

2010 – 2013



4 Global OTAs
>35 Regional OTAs
>30 Chains

2014 – Present

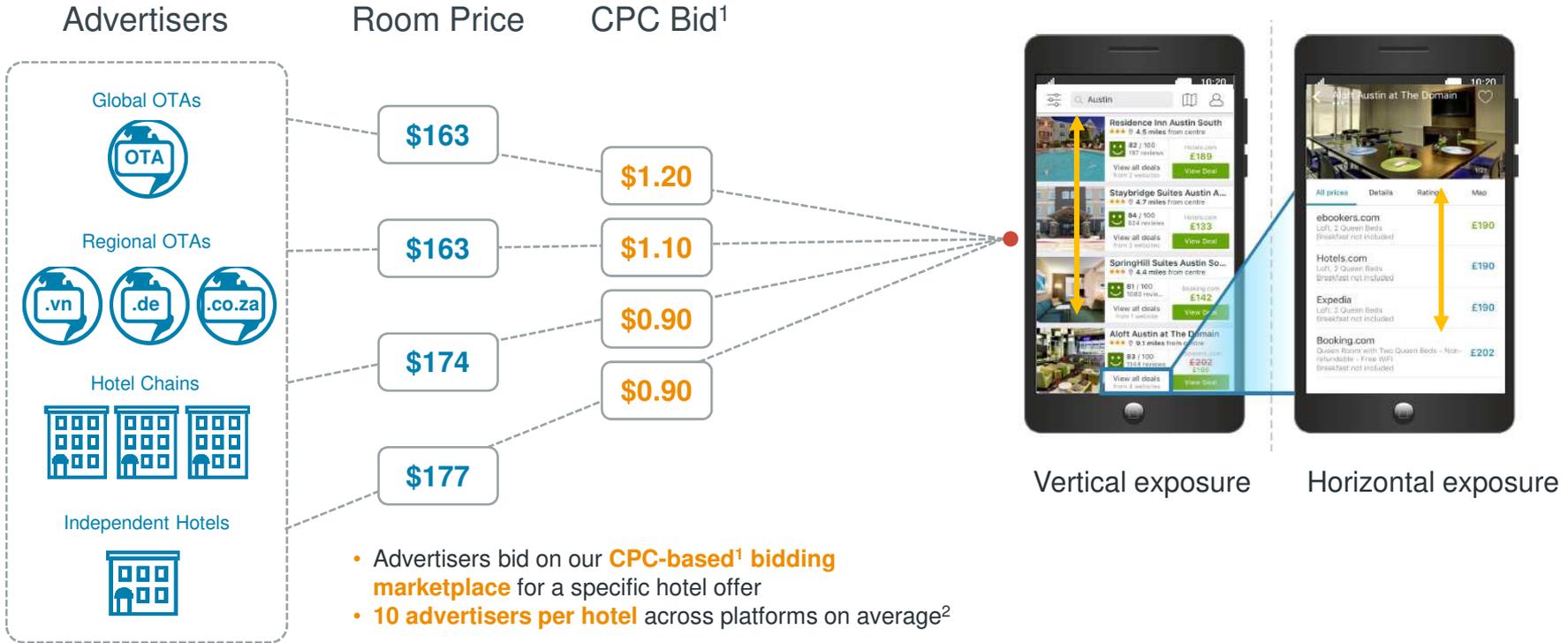


5 Global OTAs
>115 Regional OTAs
>160 Chains
>7,000 Indies

Select new adds



Advertisers bid and pay a price for each click a user makes to an offer price



We address the critical user needs with a global unified product

Mobile



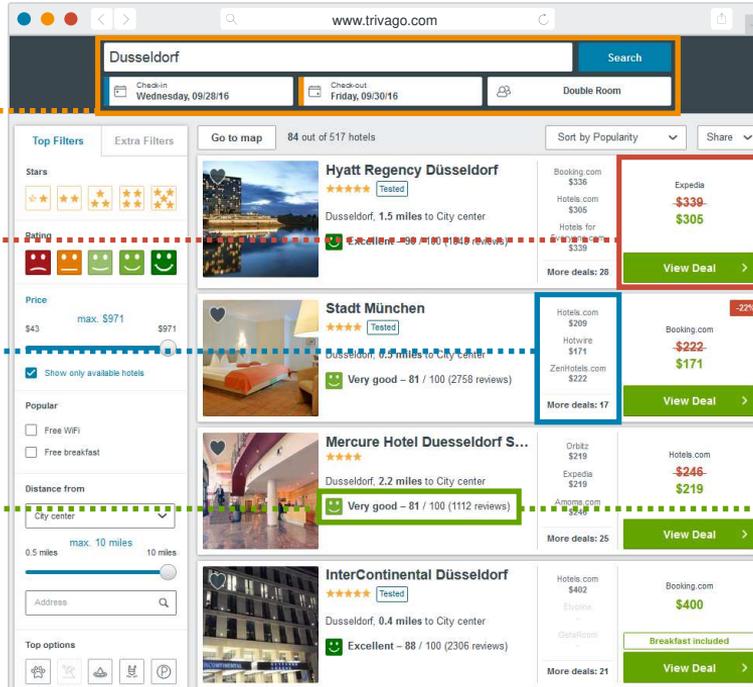
Search details

Best deal

Price comparison

Ratings and reviews

Desktop



Transparent Pricing



Rich content



Agenda

Company overview



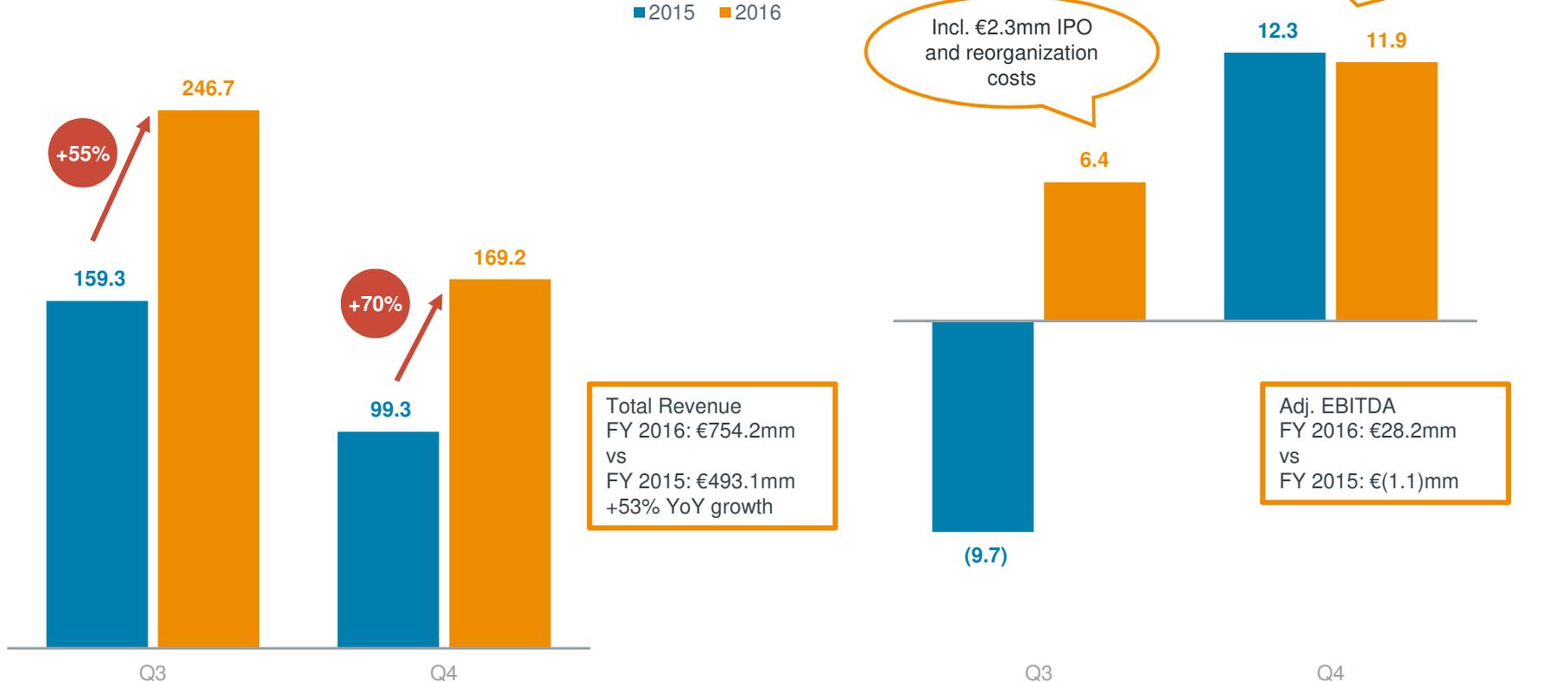
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Appendix: Financial statements

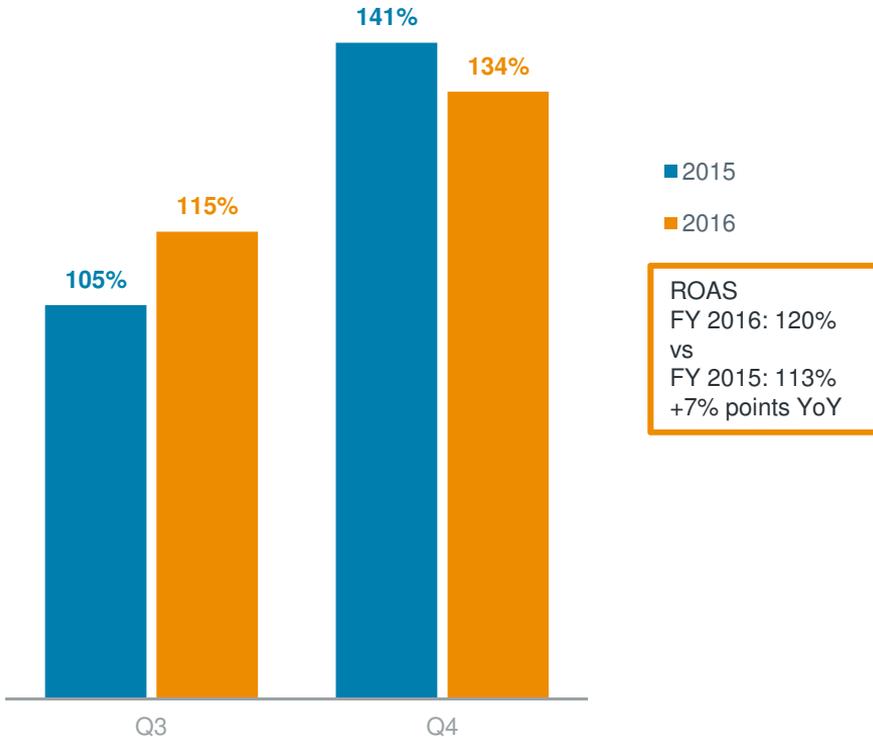
Strong YoY growth in Revenue continued in Q4 2016

Quarterly Total Revenue (€mm) and Adj. EBITDA (€mm)

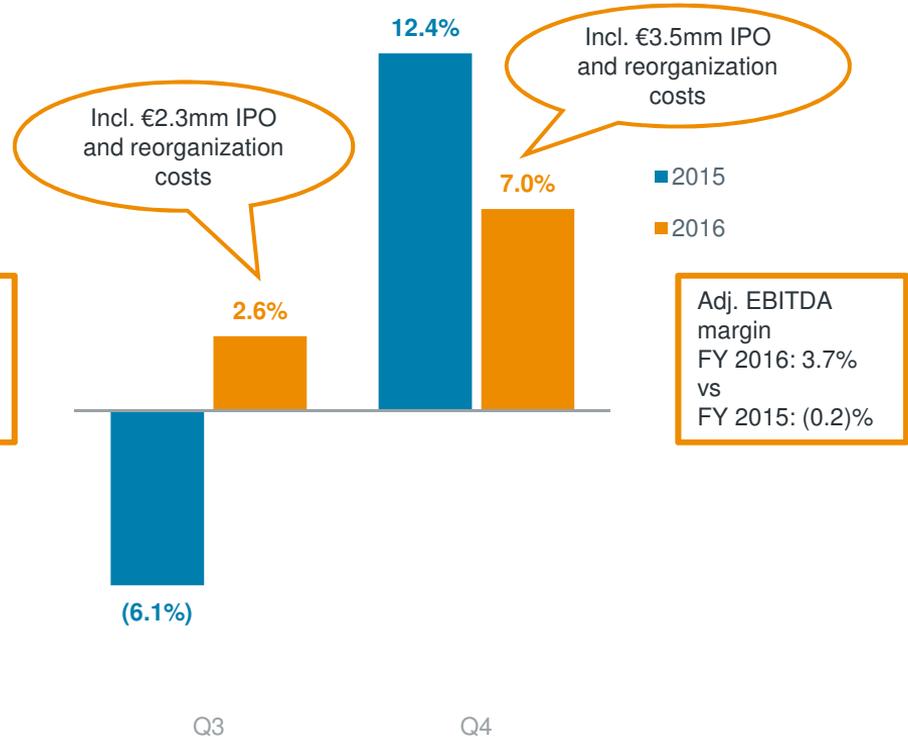


Strong profitability improvement in FY 2016 despite higher investments in Q4

ROAS (% of Advertising Expense)



Adjusted EBITDA (% of Total Revenue)



Financials FY 2016 – selected items

IPO related costs

- IPO and corporate reorganization costs in FY 2016 amounted to €11.1mm (€3.7mm in Q3 and €7.4mm in Q4)
- Of the €11.1mm, €5.4mm have been capitalized

Related party shared service fee

- The related party shared service fee expense (non-cash) amounted to €1.3mm in Q4 2016, of which €0.3mm were IPO and reorganization costs. For the full year 2016, related party shared service fee expense was €4.2mm, of which €0.6mm were IPO and reorganization costs

IPO proceeds

- IPO net proceeds of €207.8mm lead to an increase in the cash position to €227.3mm at year end

Share-based compensation

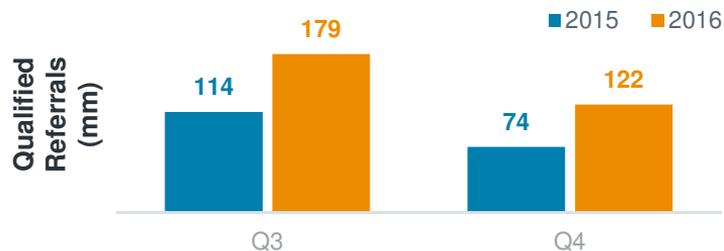
- The share-based compensation in 2016 was heavily influenced by the liability treatment of certain vested stock options. Expedia exercised a call right on these shares at a premium to fair value, which resulted in an incremental share-based compensation charge of ~€43.7mm pursuant to liability award treatment. Of the total €53.7mm share-based compensation expense in 2016, €51.0mm was driven by fluctuations in the fair value accounting treatment of liability classified awards granted in prior periods

Build-to-suit

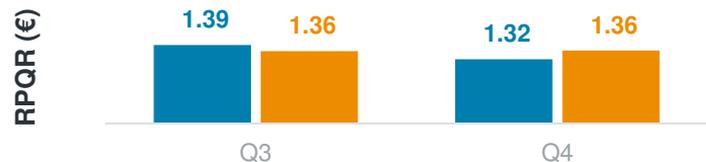
- trivago is planning to move to its new campus in Düsseldorf in 2018. As the contractual lease agreements triggered build-to-suit treatment under US-GAAP the contract influenced trivago's financial statements (all non-cash). €30.9mm increase in PPE, €30.9mm increase in liabilities and €1.7mm land lease expense (in G&A) were related to the lease

KPI overview – Total

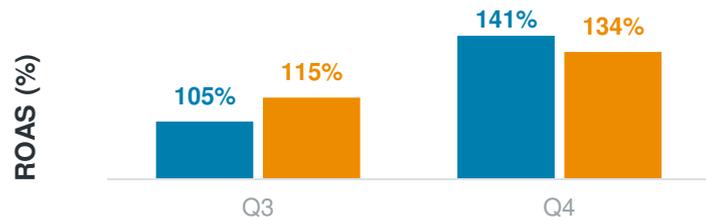
Strong traffic growth and improved profitability



FY 2016: 535mm
vs
FY 2015: 335mm
+60% YoY growth



FY 2016: €1.39
vs
FY 2015: €1.46
(5)% YoY growth

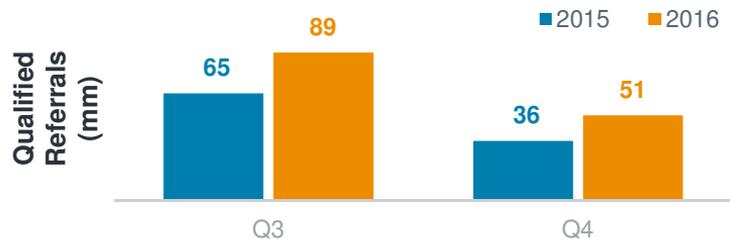


FY 2016: 120%
vs
FY 2015: 113%
+7% points YoY

Highlights

- Global growth acceleration in Qualified Referrals in FY 2016, especially driven by strong Q4 performance
- Developed Europe, Americas and Rest of World contributed almost equally to the full year growth, with 36%, 31% and 33%, respectively
- During the introduction of the marketplace in H1 2015, a temporary increase in RPQR led to a higher base vs. H1 2016 which was the driver of the FY decline in RPQR
- Europe and Americas as main drivers for improved ROAS YoY, as user loyalty continues to drive up the baseline of direct traffic
- Opportunity to invest in Q4 above 2015 levels despite the seasonal high in TV pricing
- Impact of relative decline in SEO compensated by other channels

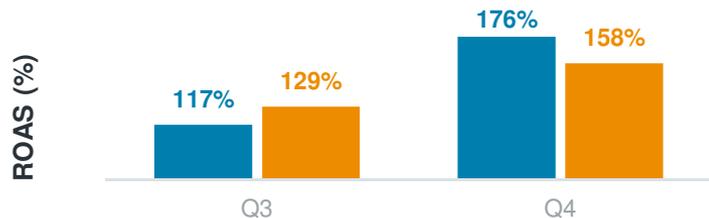
KPI overview – Developed Europe



FY 2016: 255mm
vs
FY 2015: 184mm
+39% YoY growth



FY 2016: €1.37
vs
FY 2015: €1.41
(3)% YoY growth

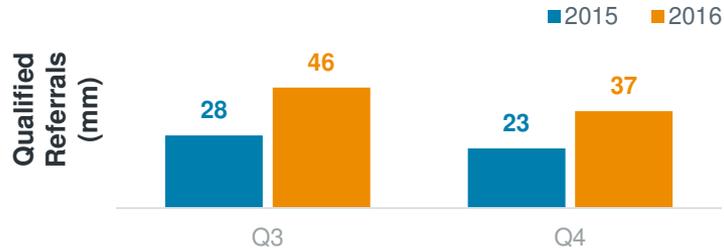


FY 2016: 136%
vs
FY 2015: 133%
+3% points YoY

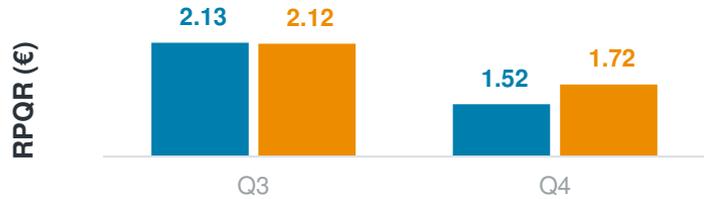
Highlights

- Growth rate accelerated in Q4 to 42% YoY, driven by good investment opportunities
- Launch of end-to-end optimization of traffic management with initial positive results
- Despite the seasonal high in TV prices good investment opportunities in Q4 compared to 2015
- Improvement in direct baseline traffic and marketing efficiency across the business

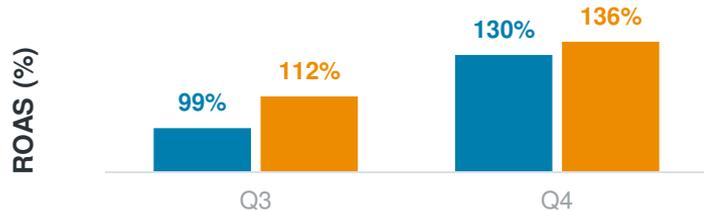
KPI overview – Americas



FY 2016: 149mm
vs
FY 2015: 87mm
+71% YoY growth



FY 2016: €1.92
vs
FY 2015: €1.97
(3)% YoY growth

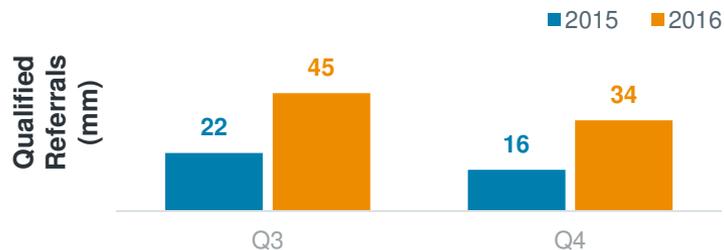


FY 2016: 118%
vs
FY 2015: 102%
+16% points YoY

Highlights

- Continuation of strong growth across the region. Main drivers are US, Brazil and Mexico, representing 34%, 25% and 15% of the FY 2016 QR growth YoY respectively
- Increase in RPQR in Q4 '16 vs. Q4 '15 is impacted by a strong appreciation of the USD dollar (5%+) and an improved commercialization
- Strong YoY improvement in baseline of direct traffic across the region
- Improvement in performance marketing channel efficiency through optimization and leverage of increased brand awareness

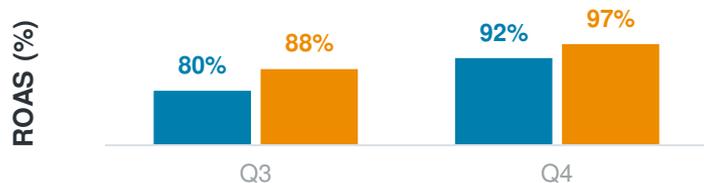
KPI overview – Rest of World



FY 2016: 131mm
vs
FY 2015: 64mm
+105% YoY growth



FY 2016: €0.85
vs
FY 2015: €0.92
(8)% YoY growth



FY 2016: 90%
vs
FY 2015: 87%
+3% points YoY

Highlights

- Strong growth across the region, particular driven by large markets that moved from testing to scaling stage such as Japan, India and Russia
- During the introduction of the marketplace in H1 2015, a temporary increase in RPQR led to a higher base vs. H1 2016 which was the driver of the FY decline in RPQR
- ROAS improvements driven by increase in baseline of direct traffic and optimization of performance marketing channels

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Guidance for 2017



Total Revenue expected to grow around 45%



Adjusted EBITDA margin expected to remain flat to slightly increase vs. 2016

- Long-term growth drivers are intact
- Continued investments into
 - **Advertising**, growing trivago brand through smart allocation of advertisement spend
 - **Growth**, increasing trivago presence in fast growing countries (with focus on Americas and RoW)
 - **Talent**, adding to the pool of highly talented individuals that enable the company's success

Q&A



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Consolidated financials FY 2016, trivago N.V.

(€k)	FY 2016	FY 2015	Abs. Δ vs FY '15	Δ vs FY 2015
Referral revenue	745,824	490,240	255,584	52.1%
Other revenue	8,345	2,843	5,502	193.5%
Total revenue	754,169	493,083	261,086	52.9%
Cost of revenue	(4,273)	(2,946)	(1,327)	45.0%
<i>% of Total Rev.</i>	<i>0.6%</i>	<i>0.6%</i>		
Selling & marketing	(674,729)	(461,219)	(213,510)	46.3%
<i>% of Total Rev.</i>	<i>89.5%</i>	<i>93.5%</i>		
Technology & content	(51,658)	(28,693)	(22,965)	80.0%
<i>% of Total Rev.</i>	<i>6.8%</i>	<i>5.8%</i>		
General & admin.	(54,097)	(18,065)	(36,032)	199.5%
<i>% of Total Rev.</i>	<i>7.2%</i>	<i>3.7%</i>		
Amortization of intangible assets	(13,857)	(30,030)	16,173	(53.9%)
<i>% of Total Rev.</i>	<i>1.8%</i>	<i>6.1%</i>		
Operating income (loss)	(44,445)	(47,870)	3,425	(7.2%)
<i>% of Total Rev.</i>	<i>(5.9%)</i>	<i>(9.7%)</i>		
Net interest and other expenses	(276)	(2,814)	2,538	(90.2%)
<i>% of Total Rev.</i>	<i>(0.0%)</i>	<i>(0.6%)</i>		
Income taxes	(6,670)	11,318	(17,988)	n.m.
<i>% of Total Rev.</i>	<i>(0.9%)</i>	<i>2.3%</i>		
Net income (loss)	(51,391)	(39,366)	(12,025)	30.5%
<i>% of Total Rev.</i>	<i>(6.8%)</i>	<i>(8.0%)</i>		
Noncontrolling interest	710	239	471	197.1%
<i>% of Total Rev.</i>	<i>0.1%</i>	<i>0.0%</i>		
NI (loss) attributable to trv	(50,681)	(39,127)	(11,554)	29.5%
<i>% of Total Rev.</i>	<i>(6.7%)</i>	<i>(7.9%)</i>		

Comments

- Overview of P&L including US GAAP measures
- See next page for a detailed discussion of business development

Consolidated financials FY 2016, trivago N.V.

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Total revenue	754,169	493,083	261,086	52.9%
Cost of revenue excl. SBC	(3,536)	(2,708)	(828)	30.6%
% of Total Rev.	0.5%	0.5%		
Selling & marketing excl. SBC	(663,816)	(457,859)	(205,957)	45.0%
% of Total Rev.	88.0%	92.9%		
Adv. exp. excl. SBC	(623,452)	(432,173)	(191,279)	44.3%
% of Total Rev.	82.7%	87.6%		
Other S&M excl. SBC	(40,364)	(25,686)	(14,678)	57.1%
% of Total Rev.	5.4%	5.2%		
Technology & content excl. SBC	(35,842)	(24,148)	(11,694)	48.4%
% of Total Rev.	4.8%	4.9%		
General & admin excl. SBC	(27,841)	(12,079)	(15,762)	130.5%
% of Total Rev.	3.7%	2.4%		
Add-back depreciation	5,083	2,649	2,434	91.9%
Adj. EBITDA	28,217	(1,062)	29,279	n.m.
% of Total Rev.	3.7%	(0.2%)		
Share-based compensation (SBC)	(53,722)	(14,129)	(39,593)	280.2%
% of Total Rev.	(7.1%)	(2.9%)		
EBITDA	(25,505)	(15,191)	(10,314)	67.9%
% of Total Rev.	(3.4%)	(3.1%)		
D&A	(18,940)	(32,679)	13,739	(42.0%)
% of Total Rev.	(2.5%)	(6.6%)		
Net interest and other expenses	(276)	(2,814)	2,538	(90.2%)
% of Total Rev.	(0.0%)	(0.6%)		
Income taxes	(6,670)	11,318	(17,988)	n.m.
% of Total Rev.	(0.9%)	2.3%		
Net income (loss)	(51,391)	(39,366)	(12,025)	30.5%
% of Total Rev.	(6.8%)	(8.0%)		
Noncontrolling interest	710	239	471	197.1%
% of Total Rev.	0.1%	0.0%		
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% of Total Rev.	(6.7%)	(7.9%)		

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Comments

- 1) Referral Revenue YoY growth across regions with Developed Europe, Americas and Rest of World growing 34%, 67% and 88% respectively
- 2) Other Revenue nearly tripled YoY, primarily driven by an increase in subscription revenue for Hotel Manager Pro
- 3) Advertising expenses increase driven by strong investment across all regions:
 - Developed Europe investments of €257mm (+32% YoY) with ROAS of 136% (+3 pp YoY)
 - Americas investments of €243mm (+44% YoY) with ROAS of 118% (+17% pp YoY)
 - Rest of World investments of €123mm (+81% YoY) with ROAS of 90% (+3% pp YoY)
- 4) Technology and Content increased by 48.4% driven by onboarding talent, increasing headcount from 375 (Dec'15) to 518 (Dec'16)
- 5) Increase driven by IPO and reorganization costs of €11.1mm, of which €5.7mm were expensed and €5.4mm capitalized
- 6) €51.0mm in FY16 is a result of mark-to-market fluctuations
- 7) Expedia amortization of Pushdown-Accounting decreasing from €30mm in FY 2015 to €14mm in FY 2016

Consolidated financials Q4 2016, trivago N.V.

(€k)	Q4 2016	Q4 2015	Abs. Δ vs Q4 '15	Δ vs Q4 '15
Referral revenue	166,500	97,947	68,553	70.0%
Other revenue	2,667	1,316	1,351	102.7%
Total revenue	169,167	99,263	69,904	70.4%
Cost of revenue	(1,155)	(981)	(174)	17.7%
<i>% of Total Rev.</i>	<i>0.7%</i>	<i>1.0%</i>		
Selling & marketing	(136,679)	(77,796)	(58,883)	75.7%
<i>% of Total Rev.</i>	<i>80.8%</i>	<i>78.4%</i>		
Technology & content	(11,050)	(7,754)	(3,296)	42.5%
<i>% of Total Rev.</i>	<i>6.5%</i>	<i>7.8%</i>		
General & admin.	(11,877)	(5,653)	(6,224)	110.1%
<i>% of Total Rev.</i>	<i>7.0%</i>	<i>5.7%</i>		
Amortization of intangible assets	(2,527)	(7,509)	4,982	(66.3%)
<i>% of Total Rev.</i>	<i>1.5%</i>	<i>7.6%</i>		
Operating income (loss)	5,879	(430)	6,309	n.m.
<i>% of Total Rev.</i>	<i>3.5%</i>	<i>(0.4%)</i>		
Net interest and other expenses	(682)	(1,975)	1,293	(65.5%)
<i>% of Total Rev.</i>	<i>(0.4%)</i>	<i>(2.0%)</i>		
Income taxes	(5,090)	477	(5,567)	n.m.
<i>% of Total Rev.</i>	<i>(3.0%)</i>	<i>0.5%</i>		
Net income (loss)	107	(1,928)	2,035	n.m.
<i>% of Total Rev.</i>	<i>0.1%</i>	<i>(1.9%)</i>		
Noncontrolling interest	186	146	40	27.4%
<i>% of Total Rev.</i>	<i>0.1%</i>	<i>0.1%</i>		
NI (loss) attributable to trv	293	(1,782)	2,075	n.m.
<i>% of Total Rev.</i>	<i>0.2%</i>	<i>(1.8%)</i>		

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- Overview of P&L including US GAAP measures
- See next page for a detailed discussion of business development

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Other revenue	2,667	1,316	1,351	102.7%
Total revenue	169,167	99,263	69,904	70.4%
Cost of revenue excl. SBC	(1,142)	(914)	(228)	24.9%
<i>% of Total Rev.</i>	<i>0.7%</i>	<i>0.9%</i>		
Selling & marketing excl. SBC	(136,162)	(76,836)	(59,326)	77.2%
<i>% of Total Rev.</i>	<i>80.5%</i>	<i>77.4%</i>		
Adv. exp. excl. SBC	(124,279)	(69,419)	(54,860)	79.0%
<i>% of Total Rev.</i>	<i>73.5%</i>	<i>69.9%</i>		
Other S&M excl. SBC	(11,883)	(7,417)	(4,466)	60.2%
<i>% of Total Rev.</i>	<i>7.0%</i>	<i>7.5%</i>		
Technology & content excl. SBC	(10,512)	(6,509)	(4,003)	61.5%
<i>% of Total Rev.</i>	<i>6.2%</i>	<i>6.6%</i>		
General & admin excl. SBC	(11,233)	(3,639)	(7,594)	208.7%
<i>% of Total Rev.</i>	<i>6.6%</i>	<i>3.7%</i>		
Add-back depreciation	1,752	820	932	113.7%
Adj. EBITDA	11,870	12,185	(315)	(2.6%)
<i>% of Total Rev.</i>	<i>7.0%</i>	<i>12.3%</i>		
Share-based compensation (SBC)	(1,712)	(4,286)	2,574	(60.1%)
<i>% of Total Rev.</i>	<i>(1.0%)</i>	<i>(4.3%)</i>		
EBITDA	10,158	7,899	2,259	28.6%
<i>% of Total Rev.</i>	<i>6.0%</i>	<i>8.0%</i>		
D&A	(4,279)	(8,329)	4,050	(48.6%)
<i>% of Total Rev.</i>	<i>(2.5%)</i>	<i>(8.4%)</i>		
Net interest and other expenses	(682)	(1,975)	1,293	(65.5%)
<i>% of Total Rev.</i>	<i>(0.4%)</i>	<i>(2.0%)</i>		
Income taxes	(5,090)	477	(5,567)	n.m.
<i>% of Total Rev.</i>	<i>(3.0%)</i>	<i>0.5%</i>		
Net income (loss)	107	(1,928)	2,035	(105.5%)
<i>% of Total Rev.</i>	<i>0.1%</i>	<i>(1.9%)</i>		
Noncontrolling interest	186	146	40	27.4%
<i>% of Total Rev.</i>	<i>0.1%</i>	<i>0.1%</i>		
NI (loss) attributable to trv	293	(1,782)	2,075	(116.4%)
<i>% of Total Rev.</i>	<i>0.2%</i>	<i>(1.8%)</i>		

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Comments

- 1) Referral Revenue YoY growth across regions with Developed Europe, Americas and Rest of World growing 44%, 83% and 133% respectively
- 2) Advertising expenses increase driven by strong investment across all regions:
 - Developed Europe investments of €46mm (+61% YoY) with ROAS of 158% (-18 pp YoY)
 - Americas investments of €46mm (+76% YoY) with ROAS of 136% (+6 pp YoY)
 - Rest of World investments of €32mm (+122% YoY) with ROAS of 97% (+5 pp YoY)
- 3) Increase driven by IPO and reorganization costs in Q4 of €7.4mm, of which €3.5mm were expensed and €3.9mm capitalized

2

3

Source: 2015: Audited US GAAP Financial Statements; 2016: unaudited US GAAP financials
Note: Some non-US GAAP measures are adjusted for share-based compensation;

Consolidated Balance Sheet, trivago N.V.

(€k)	31 Dec 2016	31 Dec 2015
Cash	227,298	17,556
Restricted cash	884	685
Accounts receivable	36,658	19,748
Accounts receivable, related party	16,505	23,605
Prepaid expenses and other current assets	11,529	4,603
Total Current Assets	292,874	66,197
Property and equipment, net	46,862	12,853
Other long-term assets	955	936
Intangible assets, net	176,052	189,909
Goodwill	490,503	490,360
Total Assets	1,007,246	760,255
Accounts payable	39,965	26,263
Income taxes payable	3,433	256
Short-term debt	-	20,000
Members' liability	-	13,377
Related party payable	-	7,129
Deferred revenue	5,078	2,264
Accrued expenses and other current liabilities	12,627	2,720
Total Current Liabilities	61,103	72,009
Deferred income taxes	53,156	57,994
Other long-term liabilities	38,565	5,896
Redeemable noncontrolling interests	351	2,076
Subscribed capital	-	48
Class A common stock	1,802	-
Class B common stock	125,405	-
Reserves	584,667	695,871
Contribution from Parent	122,200	55,529
Accumulated other comprehensive income (loss)	21	(12)
Retained earnings (accumulated deficit)	(179,837)	(129,156)
Noncontrolling interest	199,813	-
Total Stockholders'/Members' Equity	854,071	622,280
Total Liabilities and Members' Equity	1,007,246	760,255

Comments

- 1) All USD IPO proceeds (incl. Greenshoe) were converted into EUR on date of settlement
- 2) Working capital improvement efforts leading to slower increase of receivables (+23%) over Revenue, with healthy DSO decline from 25.3 to 23.4
- 3) Prepayments increase driven by roll-out of Mr trivago in 26 markets, leading to significant increase in TV Production cost and prepayments for TV production
- 4) Constant development in relation to total expenses
- 5) Positive operating Cash Flow in 2016 led to payback of revolving credit-line of €(20)mm, increasing Current ratio from 0.9 to 4.8
- 6) trivago plans on moving its Headquarters to a newly leased campus building in Düsseldorf's Media Harbour in summer 2018, steadily increasing PPE and Other long-term liabilities during the construction period (=capitalization of capital lease proceeds)

Consolidated Cash Flow Statement, trivago N.V.

(€k)	FY 2016	FY 2015
Net loss	(51,391)	(39,366)
Adjustments to reconcile net loss to net cash used:		
Depreciation	5,083	2,649
Amortization of intangible assets	13,857	30,030
Share-based compensation	53,722	14,129
Deferred income taxes	(4,838)	(10,444)
Foreign exchange (gain) loss	(16)	960
Bad debt (recovery) expense	1,589	(410)
Non-cash charge, contribution from parent	4,185	2,826
Changes in operating assets and liabilities:		
Accounts receivable, including related party	(11,256)	(18,540)
Prepaid expense and other assets	(7,144)	(121)
Accounts payable	13,879	13,102
Accrued expenses and other liabilities	7,486	2,415
Deferred revenue	2,814	1,780
Taxes payable/receivable, net	3,177	(25)
Net cash provided by operating activities	31,147	(1,015)
Acquisition of business, net of cash acquired	(874)	(286)
Capital expenditures	(8,121)	(6,224)
Net cash used in investing activities	(8,995)	(6,510)
Payments of initial public offering costs	(882)	-
Payment of loan to shareholder	-	(7,129)
Payment of loan to related party	-	(1,039)
Proceeds (payment) on credit facility (net)	(20,000)	20,000
Net proceeds from issuance of common stock	207,840	-
Proceeds from exercise of option awards	685	-
Proceeds from issuance of loan from related party	-	7,129
Proceeds from exercise of members' equity awards	1	10
Net cash provided by financing activities	187,644	18,971
Effect of exchange rate changes on cash	(54)	(32)
Net increase (decrease) in cash	209,742	11,414
Cash at beginning of year	17,556	6,142
Cash at end of year	227,298	17,556

Comments

- 1) Strong development YoY of operating cash flow resulting from strong underlying business performance and positive development of net working capital
- 2) Capex used for investments in IT hardware, office equipment and leasehold improvements and capitalized software
- 3) Revolving credit line fully repaid €(20)mm during the year due to overall healthy cash flow development

Share-based compensation

During 2016 the company recognized €51 mm of liability classified award expenses, which was related to awards granted in prior periods, as shown below

