

THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

EXPE - Q1 2017 Expedia Inc Earnings Call

EVENT DATE/TIME: APRIL 27, 2017 / 8:30PM GMT

**OVERVIEW:**

Co. reported 1Q17 results.



## CORPORATE PARTICIPANTS

### Alan Pickerill

**Dara Khosrowshahi** *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

**Mark D. Okerstrom** *Expedia, Inc. - CFO and EVP of Operations*

## CONFERENCE CALL PARTICIPANTS

### Akshay Bhatia

**Brian Patrick Fitzgerald** *Jefferies LLC, Research Division - MD and Senior Equity Research Analyst*

**Deepak Mathivanan** *Barclays PLC, Research Division - Research Analyst*

**Eric James Sheridan** *UBS Investment Bank, Research Division - MD and Equity Research Internet Analyst*

**Heath P. Terry** *Goldman Sachs Group Inc., Research Division - MD*

**James Patrick Shaughnessy** *RBC Capital Markets, LLC, Research Division - Associate*

**Jed Kelly** *Oppenheimer & Co. Inc., Research Division - Director and Senior Analyst*

**Justin Tyler Patterson** *Raymond James & Associates, Inc., Research Division - Internet Analyst*

**Kevin Campbell Kopelman** *Cowen and Company, LLC, Research Division - Director and Senior Research Analyst*

**Mark Alan May** *Citigroup Inc, Research Division - Director and Senior Analyst*

**Michael Joseph Olson** *Piper Jaffray Companies, Research Division - MD and Senior Research Analyst*

**Michael Millman** *Millman Research Associates - Founder*

**Naved Khan** *Cantor Fitzgerald & Co., Research Division - VP and Research Analyst*

**Paul Judd Bieber** *Credit Suisse AG, Research Division - Director*

**Perry Scott Gold** *MoffettNathanson LLC - Analyst*

**Peter Stabler** *Wells Fargo Securities, LLC, Research Division - Director and Senior Analyst*

**Ronald V. Josey** *JMP Securities LLC, Research Division - MD and Senior Research Analyst*

**Seth Andrew Gilbert** *Deutsche Bank AG, Research Division - Research Associate*

## PRESENTATION

### Operator

Good day, and welcome to Expedia's Q1 Earnings Call. Today's conference is being recorded. At this time, I would like to turn the conference over to Alan Pickerill, Vice President, Investor Relations. Please go ahead, sir.

---

### Alan Pickerill

Thank you. Good afternoon, everybody. Welcome to Expedia Inc.'s financial results conference call for the first quarter ended March 31, 2017. I'm pleased to be joined on the call today by Dara Khosrowshahi, Expedia's CEO and President; and Mark Okerstrom, our CFO and EVP of Operations.

The following discussion, including responses to your questions, reflects management's views as of today, April 27, 2017 only. We do not undertake any obligation to update or revise the information.



As always, some of the statements made on today's call are forward-looking, typically preceded by words such as we expect, we believe, we anticipate or similar statements. Please refer to today's press release and the company's filings with the SEC for information about factors which could cause our actual results to differ materially from these forward-looking statements.

You'll find reconciliations of non-GAAP measures to the most comparable GAAP measures discussed today in our earnings release, which is posted on the company's IR website at [ir.expediainc.com](http://ir.expediainc.com). I encourage you to periodically visit our Investor Relations site for important content, including today's earnings release.

I would like to note that beginning here in Q1 '17, we are including HomeAway on-platform gross bookings and property nights in our operational metrics. We've disclosed the quarterly balances for 2016 via an 8-K filing for comparative purposes.

Finally, unless otherwise stated, all references to cost or revenue, selling and marketing expense, general and administrative expense, and technology and content expense, also exclude stock-based compensation and depreciation expense. And all comparisons on this call will be against our results for the comparable period of 2016.

With that, let me turn the call over to Dara.

---

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Thanks, Alan. Expedia is off to a good start this year with first quarter gross bookings up 14%, revenue up 15% and adjusted EBITDA up 18% year-over-year. Stayed room nights grew 12%, negatively impacted by the Easter shift, while booked room nights grew 18% year-over-year. The core OTA segment continued to gain momentum with the global brands delivering healthy room night growth through solid execution on product, technology, marketing and operations. We continue tuning our regional brand operating formula with an eye towards optimizing profitability and with some trade-offs against top line growth. Note that the travel markets are quite dynamic, and it's been less than a year since we fully optimized Orbitz -- integrated Orbitz into the fold. We're early here in our learnings. Our OTA lodging supply portfolio now stands at about 385,000 properties, up 36% year-over-year.

The HomeAway transition continues to go well. We're investing in growing our team of top-tier product and technology talent, and we shifted to a true test-and-learn culture, stressing significant improvements in the overall user, homeowner and property manager experience. We're still relatively early in developing our muscles in the variable marketing channels, but we're beginning to ramp them up in addition to making aggressive investments in offline and online brand marketing to bring more demand to our growing supply base. We now have nearly 1.4 million online bookable listings, representing over 2 million bookable units and an increasing percentage of instantly bookable properties.

Egencia delivered impressive adjusted EBITDA of \$27 million in Q1, up 76% year-over-year, helped in part by lapping over the Orbitz for business integration last year. We believe the business has reached an operational and technological inflection point and can now begin to scale at a more aggressive pace around the world.

We're ramping up Egencia's sales organization to accelerate organic bookings and revenue growth. While this will be a headwind to near-term margins, as we bring in salespeople and train them up to Egencia standards, we believe we can balance this investment through the natural P&L leverage in the business at its current and go-forward scale. Lastly, trivago continued its very strong pace of growth with stand-alone revenue growth of 62% and \$21 million of adjusted EBITDA for the quarter. Growth was strong across all regions with the highest rate of growth in APAC, along with solid growth in Europe and North America. The trivago team plans to continue to invest into growth, and we'll share more details on their earnings call in mid-May.

We're happy to have begun the year from a position of strength. Our core OTA and Egencia businesses are posting attractive top line growth rates, investing aggressively in selling and marketing while leveraging their fixed cost base. Add to that the impressive growth of HomeAway and trivago and smart capital allocation, and you get an effective formula for long-term value creation. It's early in the year with plenty of competition on the field, but we like where we stand now. Mark?



**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Thanks, Dara. With both feet firmly back into business-as-usual mode, we're happy to have kicked off 2017 with a strong set of results. Total lodging revenue, including both hotel revenue and all of the HomeAway revenue, grew 12% for the first quarter driven by stayed room night growth at the same rate. Normalized for Easter and last year's Leap Day, we estimate room night growth would have been approximately 300 basis points higher. Our global brands, Hotels.com, Brand Expedia, EAN and Egencia collectively delivered room night growth of 17%, a growth rate that would have been nicely higher if normalized for Easter.

HomeAway revenue grew 30% to \$185 million, driven by property night growth and increased revenue per property night. HomeAway property nights grew 39% year-over-year on a booked basis while HomeAway's stayed property night growth of 12% was particularly impacted by seasonality and the Easter shift. Property night revenue has improved as a result of our service fees, partially offset by decreased subscription revenue as we continue to lap over the elimination of tiered subscription sales in July of 2016 and as we transition more of our listings to the pay per booking model and to our lower online bookable subscription rates. As expected, HomeAway's EBITDA was down year-over-year as a result of seasonal impacts to revenue coupled with aggressive investments in selling and marketing and technology and content. We currently expect HomeAway's 2017 revenue growth to peak in Q3, a quarter in which HomeAway will deliver the significant majority of its adjusted EBITDA dollar growth. Lastly, as a reminder, we will also start to see somewhat easier expense comps for HomeAway in the back half of the year as we begin to lap the ramp-up of certain selling and marketing and technology and content spend late last year.

Advertising and media revenue of \$257 million is up 47% year-over-year, a nice acceleration from the 36% growth we saw in Q4. On a stand-alone basis, trivago revenue grew 62% year-over-year and delivered \$21 million in adjusted EBITDA for the quarter, a bit ahead of our expectations. The trivago formula is working, and the team plans to reinvest some of the upside to-date in selling and marketing to drive continued impressive qualified referral growth around the world. trivago continues to nicely outpace other scale customer acquisition channels in travel. Our adjusted expenses trended in the right direction, and we're in line with our target P&L, something we also expect to see for the full year. We're driving leverage on our fixed cost, which allows us to make aggressive investments in selling and marketing. Cost of revenue grew just 3% year-over-year in Q1, leveraging nicely on efficiency in our credit card and fraud cost and our global customer operations platform, partially offset by growth in our cloud spending. While we continue to expect the see leverage and cost of revenue, we are forecasting somewhat higher growth rates for the rest of the year. Direct selling and marketing expenses grew 25% as we continue to push for global growth, primarily led by aggressive spending at trivago and HomeAway, along with continued growth for Brand Expedia and Hotels.com. Indirect selling and marketing, which represents people costs, grew 7% year-over-year. We currently expect total selling and marketing cost to grow faster than revenue for the balance of the year. G&A expenses grew 6% in Q1, leveraging nicely, which we expect to see for the full year as well. Technology and content grew just 2% year-over-year as we are lapping over the accelerated pace of hiring and the Orbitz integration-related headcount we carried in the first half of 2016. As expected, continued growth of the HomeAway team led to faster technology content expense growth for that business. In total, though we expect technology and content expenses to grow faster next quarter and accelerate further in the back half, on a full year basis, we currently expect to be able to deliver slight leverage on this line item, fully inclusive of the planned cloud spend. On that note, I'm pleased to say that our cloud migration efforts are going well. Total cloud spending for the quarter was \$16 million, up from \$6 million last year with nearly 60% of that spend in cost of revenue and about 40% of it in technology and content. We remain comfortable with our estimate of total cloud costs of \$110 million in 2017 and though difficult to predict with certainty, we expect the full year mix to be roughly even between cost of revenue and technology and content.

From a capital deployment standpoint, we have repurchased nearly 450,000 shares so far in 2017 for a total of \$54 million. Our long-standing approach to capital deployment has not changed, and we continue to balance share repurchases, our quarterly dividend and opportunistic M&A.

Turning to our financial expectations for full year 2017. On a consolidated basis, including the ramp-up in cloud spending, we continue to expect adjusted EBITDA growth of 10% to 15%. Excluding cloud expenses, growth will be 14% to 19%. Separately, we have trimmed our CapEx forecast a bit and now expect CapEx, excluding cost related to our headquarters project, to be down year-over-year. For the full year, we are expecting depreciation expense to grow in the mid-20% range with the pace of growth decelerating from Q1 through the end of the year.

With that, let's turn to questions.



## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) We'll go first to Naved Khan with Cantor Fitzgerald.

---

### Naved Khan - Cantor Fitzgerald & Co., Research Division - VP and Research Analyst

Just 2 quick questions. So first, on HomeAway. Dara, can you talk about the conversion rates on the instantly bookable properties, what kind of trends you have seen to-date and what should we expect going forward, given that you are willing to spend so much on the variable channels? Then I have a follow-up.

---

### Dara Khosrowshahi - Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide

Sure. In general, we are seeing overall conversion rates at HomeAway continue to increase on a year-on-year basis and continuing to increase at healthy rates. So when you look at the booking trends, which are strong and positive, it's a combination of traffic to HomeAway increasing on a year-on-year basis. It's double digits. We're being hurt by SEO, but certainly being helped by other traffic sources, including the investment that we're making in the variable channels. And then the team is optimizing around booking conversion. And booking conversion is up at healthy rates on a year-on-year basis, although we feel that we have a long way to go. In general, the move towards--what we're trying to make are 2 moves. One is from offline to online bookable, and we have over 85% of our properties now online bookable. And then we're also making the transition over from online bookable to instant bookable. That's still earlier and we think that the move to Instant Booking will continue to be a tailwind as it relates to overall conversion rates.

---

### Naved Khan - Cantor Fitzgerald & Co., Research Division - VP and Research Analyst

Okay. And then just sort of drilling a little bit into the -- into your response. So what should we expect about your ability to tweak the best sort for the -- as we look into the remainder of the year? So I guess, with the un-grandfathering of the subscriptions, you would probably have more flexibility to do that. What would be the cadence of your tweak to the sorting?

---

### Dara Khosrowshahi - Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide

Yes. I'd say I say that the cadence is unpredictable. I mean, these are -- we're putting in sort changes on a daily/weekly basis. You are right to conclude that, as the paid tier subscription or the higher tier subscriptions roll off, we have greater room for optimization. And we think we're very, very early in the overall optimization. So the sort teams continue to roll out new algorithms. And in general, the algorithms are getting better and better. And this is really before we put machine learning into play as well. These are, call it, more static algorithms that are being optimized, and I think machine learning can take this to a different level. And we're really 1 year in here, so we got a long, long way to go.

---

### Mark D. Okerstrom - Expedia, Inc. - CFO and EVP of Operations

And Naved, as a reminder, that tiered subscriptions will completely become a non-issue starting in July of this year. So at that point, we've got complete freedom. But as Dara said, there are a lot of tests already going on.

---

### Operator

We'll go next to Peter Stabler with Wells Fargo Securities.

---



**Peter Stabler** - Wells Fargo Securities, LLC, Research Division - Director and Senior Analyst

A couple, if I could. Last quarter, you talked about improving the homeowner dashboard control to help property owners better understand the algorithms. Wondering if any of those improvements have rolled out yet and if so, what the feedback has been. And then secondly, wondering if you could give us any color on Orbitz.

---

**Dara Khosrowshahi** - Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide

Sure. As far as the owner dashboard, we have -- there's been a significant amount of development going into the owner dashboard. In general, we want to arm up the owners with significantly more data, both in terms of their earning power, in terms of the kinds of folks looking at their properties and really how they can capture more share within our marketplace. I would expect some pretty significant releases over the year. I think we're pretty early. We've introduced some better calendar management, for example. We've optimized the traveler app for the checkout experiences. We've launched house rules that inform travelers of what's expected of them before they book. But I think these are really the basics and we're just getting started here. I do think we can do a better job, in general, in explaining to owners what they can and should be doing to improve their sort. One of the significant factors is content. The quality of content as far as pictures go, the quality of content as far as what to expect when you get into the home and, obviously, reviews. And I do think that this is an area that when we talk to our owners, we get some feedback that we can be doing better. And the HomeAway team is certainly focused on making sure owners understand exactly why they are getting the demand that they're getting and how they can optimize and improve their demand inside the marketplace.

---

**Mark D. Okerstrom** - Expedia, Inc. - CFO and EVP of Operations

And then, Peter, in terms of Orbitz I'd say generally, we're pretty pleased with the way that what was the old Orbitz as now part of Expedia Inc. is performing. In terms of just some specifics on that, from a top line perspective, the business is still declining in, call it, the mid-teens range. And as a reminder, the reason for this is there's a number of formerly Orbitz Partner Network customers that we didn't migrate over, a number of points of sale for ebookers that we didn't migrate over, some Orbitz for Business customers that we didn't migrate over. But if you back out the impact of that, the core of the business looks good. The conversion rates we're seeing on hotel looks solid and, of course, the cost synergies that we really brought in to fruition through 2016 are there in full force. So we're happy with what we see. We are still optimizing the Orbitz businesses and getting that right market -- marketing formula in place to optimize for profit margin. And of course, profit margin in those businesses looks absolutely excellent.

---

**Operator**

We'll go next to Jed Kelly with Oppenheimer.

---

**Jed Kelly** - Oppenheimer & Co. Inc., Research Division - Director and Senior Analyst

Should we expect HomeAway online gross bookings to follow similar seasonal trends as last year or, as you are able to pivot the business to a more transactional model, should we expect a more smooth seasonal pattern? And then additionally for HomeAway, can you provide a breakdown between traveler fee or transactional revenue versus subscription and other?

---

**Dara Khosrowshahi** - Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide

Sure. I'll answer the first, Jed. We are getting used to HomeAway booking patterns and stay patterns at this point. So we can't answer your question with absolute certainty. It actually looks to us like the seasonal stay patterns are going to become more pronounced. What we're seeing is that the early entrants into the HomeAway marketplace were property managers who might have had more apartments, kind of the professionally managed kinds of apartments. We're seeing average dollar value per property booking with HomeAway move up, which means that the bigger homes are coming online, and the demand is moving over to the bigger homes. Those larger homes tend to be more seasonal in nature, so we would actually

expect to see a higher percentage of dollar stays if -- for HomeAway, concentrated in Q3 than what you saw last year. Mark, you want to answer the HomeAway traveler fee versus transactional revenue?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Yes. So we're not going to give the quarterly number but just as a reminder, what we said was that by the end of 2017 here, we'd be at about 25% subscription and no change. We're really on track to trend that way.

---

**Operator**

We'll go next to Ross Sandler with Barclays.

---

**Deepak Mathivanan** - *Barclays PLC, Research Division - Research Analyst*

This is Deepak on for Ross. Can you talk about the levels of marketing spend that are going into different [inaudible] between the OTA brands and HomeAway this year? I think HomeAway is expected to ramp. And then given the several quarters we are into the integration, are the practices that are deployed, typically in Expedia, to optimize book conversions currently put into place in HomeAway at this stage? How do you view the efficiency of marketing programs? I have one more follow up after that.

---

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Yes, I think on the second question, most definitely. The CEO of HomeAway is John Kim, and John was the head of product at Expedia. So you can imagine that we have taken a number of Expedia practices and we have combined them with HomeAway practices to come up with, call it, a best-of-breed both in terms of design and in product and in technology as well. So the HomeAway team is driving a lot more experimentation, significantly more A/B testing. And the pace of change and testing on that site now is -- while it's not up to, call it, Expedia or Hotels.com standards, it has significantly accelerated versus where they were a year ago. And I anticipate it's going to significantly accelerate going into next year, which is going to help conversion rates and is also going to help our ability to market into variable channels. We have moved over talent from online marketing from Hotels.com to HomeAway as well. So there's a bunch of talent moving over. The trends in terms of conversion are good. It's translating into higher online marketing numbers, and it's safe to assume that the HomeAway marketing spend on a year-on-year basis, the increase is higher than the year-on-year increases that you see in our core OTA. Anything to add there, Mark?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Yes. I mean I'd say -- I'd put some numbers on that. I think our direct sales and marketing for HomeAway, up north of 50% in the first quarter. We will start to see those decelerate, though, as we move through the year because we're going to lap, particularly in the back half of the year, the aggressive ramp-up in sales and marketing. That's not in a spot where it's totally moving the needle on our overall sales and marketing numbers yet, although it is a factor. And to your other point, around where we're putting dollars across the core OTA brands, we're really putting money in behind Brand Expedia, we're putting it behind Hotels.com, Egencia is a driver as well -- other segment for us. And when you look at the bulk of our direct sales and marketing spend, which is growing 25% in the quarter, I think about the growth rate in sales and marketing in the core OTA segment as being pretty close to that because that's really where it's going, and it's going to the big global brands.

---

**Operator**

We'll go next to Douglas Anmuth with JPMorgan.

We'll go next to Brian Fitzgerald with Jefferies.



---

**Brian Patrick Fitzgerald** - *Jefferies LLC, Research Division - MD and Senior Equity Research Analyst*

As you look at the inventory additions this quarter, can you give us any color of the mix overall, hotels versus nontraditional? I guess, I'm going to ask, are you happy with your overall inventory mix maybe across geographies? Are you happy with the way you're adding nontraditional and hotels?

---

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Yes. I'd say we're happy, but we think we have a long way to go. The inventory now is at about 385,000 hotels. We are early in the integration of the HomeAway inventory into the mainline OTA inventories so we're just getting started there, and we have a long way to go. And we think that the pace of inventory addition, I think we've added -- it's up about 36% on a year-on-year basis as far as inventory goes. That kind of a pace is going to continue. It's not going to be consistent every single quarter, but that kind of a pace is certainly going to continue. The new hotels continue to perform well within our marketplace. They represent an opportunity for us to spend more marketing dollars as well as to increase conversion on a destination basis as well, and it's just part of the formula right now. It's a higher conversion. The higher conversion driving more marketing both online and offline. The more marketing allowing us the ability to add more supply into the marketplace and all of that increasing customer loyalty, which is really the formula that we've had for a long time. You've got to optimize each portion of that formula a little bit in order to improve and, of course, you have to improve more than the overall market because the market is certainly improving as well. So I think we are in the early middle portion of the game, and we're quite optimistic about the opportunities here over the next 3 or 5 years.

---

**Operator**

We'll go next to Akshay Bhatia with Bank of America.

---

**Akshay Bhatia**

When we look at the core OTA take rate, it looks pretty stable year-over-year. Could you talk about some of the puts and takes, specifically touching on maybe the mix of agency hotel accelerator, and then maybe some of the negotiations you guys are having with hotel brand?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Yes, so I think the story is similar to what we've seen for a while. I think on the hotel side, there still is a little bit of a headwind on margin, although that's significantly less than what it's been in the past. That's essentially offset by a couple of factors. One is we do continue to see a mix shift of the business towards hotel, which is generally going faster than our air business. Secondly, we've seen nice results from ancillary revenues and media revenues that are also buttressing those take rates, and all of those sort of net out to something that's relatively stable, and I think we're happy with generally where we are and we're particularly happy with some of these ancillary revenue streams in the core OTA business like insurance that are -- like our activities business that are performing nicely.

---

**Operator**

We'll go next to Paul Bieber with Credit Suisse.

---

**Paul Judd Bieber** - *Credit Suisse AG, Research Division - Director*

First off, how should we think about the room night growth trajectory during the summer booking season for both domestic and international, given the deceleration and especially domestic in the reported numbers? And then just generally, how would you characterize the macro backdrop for travel in the U.S., Europe and APAC?



**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Sure. So in terms of room night growth, I'd just remind you that the Easter impact was significant here in the first quarter. We were actually quite happy with what we saw in terms of room night growth and generally pointed to stable to faster in the first quarter on the normalized numbers that we look at. A few things to keep in mind though as we move in to Q2 and Q3; one is Easter will be a helper for us in Q2 from a reported basis, and then our comps do start to get easier as we move into Q2 and again, the easiest comp is probably into Q3. So a few things to keep in mind on that front. In terms of the macro landscape in Europe and otherwise, I think largely similar. I think the London attack for us, we can certainly see impact to London, but it's hard to tease that out completely from Easter. And our expectation with things would be to get back to business as usual because that's what we've seen generally with other regions. The elections in France didn't cause too much of a stir for us. The macro backdrop in Europe seems to be reasonably healthy. When we look at the U.S., again, similar story. Things seem to be reasonably healthy. We have seen a little bit of a slowdown in travel from the Middle East into the U.S. and a few cross-regional patterns like that. But net-net from where we see, looks like a healthy market to us.

**Operator**

We'll go next to Heath Terry with Goldman Sachs.

**Heath P. Terry** - *Goldman Sachs Group Inc., Research Division - MD*

I was just wondering if you could give us a bit of a sense of strategically how you're thinking about the trade-off between sales and marketing leverage and revenue growth. Obviously, you've got the targets out there for EBITDA but to the extent that we saw the roughly 344 basis points of deleverage in sales and marketing this year or this quarter, can you give us a sense of what you're trying to get or what you think you'll get out of that kind of spend from a revenue growth perspective and where, as a company, you're happy with that revenue growth being?

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

I guess, just one note for you in terms of sales and marketing leverage this quarter. This is always a tough quarter for us from a sales and marketing deleverage standpoint, and the primary reason is that we're spending sales and marketing essentially against bookings, not against stayed revenues so there's a little bit of a mismatch. That's accentuated this quarter by the fact that we had Easter also shift which, of course, is an impact to revenue and nothing to sales and marketing. I'd say, generally, our strategy though as it relates to sales and marketing has not changed. I mean, we are really looking to drive bottom line adjusted EBITDA dollar growth and to that end, really, we're looking to spend to drive more volume, get new customers into the platform, have them get a great experience and have them come back to us through the direct channels like apps, like email, et cetera, and the formula is working. And so most of what you see when you see sales and marketing deleverage with us is largely as a result of mix drivers. It's the fact that we're spending more aggressively and the region is getting bigger, in the Asia Pacific, for example, than we are in the U.S. Even Asia -- even though Asia is less efficient from a sales and marketing perspective than the U.S., that's what's driving the mix, and Asia itself is getting more efficient over time. We also see channel shifts in our sales and marketing expense as we drive conversion. It allows us to spend more into variable marketing channels. Again, the direct channels, the chief channels still look very healthy, and they're growing nicely. But essentially, we're able to buy more in these variable channels, and that's a factor for us as well. So I think you'll see the same strategy for us. We like to invest aggressively in sales and marketing. We like to fund that with leverage and fixed cost. That's the formula, and I think you'll expect to see that for a long time to come.

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

And just to push that home, Heath, we are not at all sensitive to overall sales and marketing leverage or deleverage as a percentage of revenue. We're very much sensitive to channel ROI. But really, the 2 factors that we look at when we're trying to gauge the health of the business is how fast is our direct channel growing. And that growth really is the biggest driver of our profit growth, and that has been healthy and we're happy about the signs there. And then how much money can we put to work in some of these indirect channels, especially outside of the U.S., because that's a



key factor as to new customer acquisition, and then moving those new customers into loyalty customers, for example, with Hotels.com or getting those new customers to try out packages on Expedia that really is an opportunity to save that you can't find really any place else. And the more new customers we bring in, to some extent the worse our sales and marketing leverage is going to look just because of the margins in that part of the business, but that usually is not connected to ROI. We're pretty disciplined about our ROI in these channels and as a result, we're just driving ROI, and the amount we spend in each channel is, to some extent, unbalanced. We'll spend as much as we can at a certain ROI. The more you spend in a channel, the more difficult it is to drive ROIs that are attractive, and those are the two factors that essentially are going after each other.

---

#### Operator

And we'll go next to Ron Josey with JMP Securities.

---

#### **Ronald V. Josey** - *JMP Securities LLC, Research Division - MD and Senior Research Analyst*

Just one or two. First and foremost, you talked about hotel room nights booked. Great to see that metric grew 18% year-over-year. Is this something we can expect going forward or more like a onetime disclosure just talking about the booking trends in the quarter? And then, Dara, following up in the last comment, actually around new packages and maybe, Mark, your ancillary revenue comments, there's been talk about the newer format, how packages are more flexible. Can you just help us understand where that is and how sort of meaningful that is in the rollout? And then lastly, any insight on HomeAway properties on Expedia would be helpful.

---

#### **Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Ron, so just on the hotel room nights booked, it's something that we will periodically disclose when we find it to be helpful to understand what's happening in the business. In this case because Easter was just such a big factor, both for the core OTA business and particularly for HomeAway, we thought it was relevant to point it out. In normal operating circumstances, those numbers actually look relatively close together. But when they're not, we will call it out when it's helpful. On the packages side, I'll start and then, Dara, definitely jump in. I think we are at, I'd say, a relatively early stage here. The Brand Expedia team particularly is working on some really interesting ways to dramatically improve the shopping experience when you're shopping for travel. We can call it packages, but the experience starts to look a lot more just like a multi-item purchase, where either during the time of your purchase, you can bundle things together in whatever order you want into almost like a shopping cart experience, or increasingly what we're seeing is products that we've launched where if you booked a flight, you don't necessarily have to book it at the same time, but you can get a big discount on a hotel or maybe a car rental or an activity. So I think we're relatively early here. The exciting thing is when we look at it, there's really only one player on a global basis that can do these types of things. They are things that -- at least our early test suggests the consumers really want, and we think that Brand Expedia and the whole Brand Expedia multiproduct group, including Orbitz and Travelocity and Wotif and CheapTickets and ebookers and that great staple of brands are going to benefit from this for many, many, many years to come.

---

#### **Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Yes, and the only thing that I would add, just the key to what Mark said is with our package path in the past, we would force our users to declare that they're looking for a package upfront. And the fact is that most travelers don't look -- the vast majority of our travelers aren't looking for packages upfront. So the key here in our development is allowing users to attach more and more products to the single product that they came into the shop for, so to speak. We are consistently driving up our attach rates. We think there's a lot of upside there. And as we are able to attach more, that allows us to actually pay more for new customers that we find, especially in variable channels and international points of sale as well. So it has a double effect, and then obviously it allows us to monetize users more effectively. It allows us to deliver discounts to those users that they can't find pretty much anywhere else on the web. And also the more contact that we have with our users, the better. The more relevant that we are, the better. And it allows us to be more aggressive about marketing in the various channels. So we think it's -- we're in the middle of the game and we think there's lots of potential left for us in that area. As far as the HomeAway properties on Expedia, we're up to almost 30,000 properties on the platform, still relatively small compared to the overall HomeAway supply base. And one of the factors there is that the Expedia model is based on commission and the HomeAway model is based on a combination of commission and traveler service fee, and we are going to



be looking to build that flexibility into the Expedia platform, which we think is really going to open up the Expedia Hotels.com channel into the HomeAway supply as well. So that is going to happen throughout the year. I would say that when you look at this year and the development of HomeAway this year, by far, the #1 priority for us is pushing HomeAway and developing that trend -- that transition from an advertising platform to a global transition -- to a global transactional platform. We think the upside there is absolutely enormous. And by far, the #1 priority is HomeAway on a stand-alone basis. The HomeAway supply on Expedia Hotels.com has considerable long-term upside, but it's priority #2 at this point.

---

**Operator**

We'll go next to Kevin Kopelman with Cowen and Company.

---

**Kevin Campbell Kopelman** - *Cowen and Company, LLC, Research Division - Director and Senior Research Analyst*

I just had a follow-up on HomeAway. When you look at nights stayed there plus 12% in Q1 versus nights booked at plus 39%, it was a pretty dramatic recovery. Could you just go over the top key factors again that you saw over Q4 and Q1 in that business that drove the acceleration?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Kevin, well, Easter was a factor. But by far, the biggest factor is a lengthening in the booking window that we're seeing with HomeAway. And it really goes to, we believe anyways, one of the factors that Dara called out. The early adopters on online bookability were predominantly some of the larger property managers. And as we have rolled out online bookability throughout a broader selection of properties, what we've actually seen is an increase in the value per booking, which suggests to us that there's a mix shift into some of these larger, bigger ticket, whole home, unique properties. And those types of properties generally need to be booked much further in advance. So we're definitely seeing a lengthening of the booking window. We think that could be a driver. We haven't nailed down all of the specifics of what could be causing it, but that's, by far, the most obvious one that we can see at this point.

---

**Kevin Campbell Kopelman** - *Cowen and Company, LLC, Research Division - Director and Senior Research Analyst*

Okay. Great. And then just a follow-up on that, how far along do you think you are in the process of kind of making sure all of the business that you're originating is transacted online to the platform?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Well, I'd say we've got a ways to go on that. It's a big opportunity still. We know that there are transactions that are happening off-platform, and the team is really focused on really developing reasons why, both on the travelers' side and on the property owners' side or property managers' side, reasons for people to stick with the platform. You've seen it on the consumer side, where they've introduced the Book with Confidence Guarantee. Increasingly, you'll see HomeAway willing to step in front of a traveler. And if they've got a bad experience, help them move to a new property or help solve their problem. They're working on various series of what I'd call carrots on sticks on the owner and the supplier side to incent the right behavior and put more bookings on the platform. They're early on that side. They've got a number of supplier-facing data and tools that they're building out, dashboarding, et cetera. As Dara mentioned, they're experimenting with sort, and these are the types of factors around on-platform versus off-platform that can start to influence sort order, and there's a number of other, call it, goodies that HomeAway is looking at rolling out across the platform to incent the right behavior. So it's relatively early. It's a really high priority for that team, and we're very optimistic that they're going to be able to increasingly just drive much more on-platform adoption because it's going to be something that both travelers and suppliers want to do.



**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Yes, we're going to make it considerably more attractive, especially for our homeowners and property managers, to stay on platform. So there are some pretty exciting products coming out there, so stay tuned.

---

**Operator**

And we'll go next to Mark Mahaney with RBC Capital Markets.

---

**James Patrick Shaughnessy** - *RBC Capital Markets, LLC, Research Division - Associate*

This is Jim Shaughnessy stepping in for Mark. Just a quick question on international booking trends. I think on the last call, you mentioned that you expect trends to improve throughout 2017. It looks like they have. So maybe building off a prior question, wondering if you can drill down a little bit on which markets you think are performing particularly well and will continue in 2017?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Yes, I think we're seeing a broad pick-up across the region. Brand Expedia, particularly, had seen some nice growth in Europe. They rolled out some new features in the air side of the business that's been driving some really solid results. We've seen strong results in various parts of Asia. Hotels.com is having a blockbuster year so far in South Korea, posting pretty impressive results. And Latin America, generally is good. Mexico has been pretty strong, really, for across our brands. I'd also say that one of the things to keep in mind when you're looking at international booking trends is that we will start to see some improvement further in the back half of the year as we lap over the ebookers transition, and that's actually a headwind on bookings. And because it was a business that had a fair bit of air in it, it has a disproportionate impact on gross bookings. But I'd say, generally Asia, Latin America and Europe are strengths with the countries I mentioned.

---

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

And Paris is coming back now. It's recovering from, obviously, the negative numbers that we saw last year. So Paris is growing for us, which is great to see. That city certainly needs the business. And London as a destination for us is very, very strong, which we think has to do with the British pound. Once the British pound went down, London as a destination became -- the numbers there were pretty darn attractive, and they continue as we speak.

---

**Operator**

We'll go next to Mike Olson with Piper Jaffray.

---

**Michael Joseph Olson** - *Piper Jaffray Companies, Research Division - MD and Senior Research Analyst*

I guess, you may have answered some portion of the question, but could you tell us what percent of HomeAway properties or transactions are now capturing the traveler booking fees, or do you expect that -- is it at 100% of properties or will there always be some subsets that don't capture the booking fees?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Well, the general way to think about it is when properties are online bookable, so the 1.4 million properties we have that are online bookable, they are all fee-able and are generally all being applied to traveler fee to -- on the HomeAway platform. There will be some that are on the Brand Expedia platform, for example, which currently don't have a fee attached to them. But generally, on HomeAway, everything that's online, think about that

as traveler fee-able. There are still some transactions though that are happening offline, which we don't have great visibility into, and that's where you'd call there be leakage, if you will, but that's really isolated to the offline business.

---

**Michael Joseph Olson** - *Piper Jaffray Companies, Research Division - MD and Senior Research Analyst*

Okay. And then you talked about buying back 450,000 shares so far this year. Is it your goal to somewhat offset stock comp dilution or is the goal longer-term to actually shrink share count over time through your buyback activities or do you kind of want to focus on keeping dry powder for acquisition?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Well, it's -- I'd say it's the same strategy as we've always had. If you look back over history, we have shrunk our share count over time and we're big believers in this business, and I would look at our past behavior as an indication of what we will likely do in the future. But that's not the case always from quarter-to-quarter and it's not always the case from year to year, and we certainly take into account the M&A pipeline and what we're thinking about doing on that side. We look at our dividend and then share repurchase is something that we do look at. We always have an eye to dilution, but it's not formulaic. It's not the driver and we do think that part of our capital allocation strategy will include share repurchases over the next number of years.

---

**Operator**

We'll go next to Mark May with Citi.

---

**Mark Alan May** - *Citigroup Inc, Research Division - Director and Senior Analyst*

Hopefully, these weren't taken already. But in terms of core OTA margins, could you provide any color in terms of how much of the modest decline year-on-year was attributable to investments in, say, new markets, new growth initiatives versus kind of investing and doubling down, if you will, in some of your core markets? And if you could provide -- if you haven't already -- a progress update in terms of where you are in terms of leveraging the HomeAway inventory across the Expedia brands? And what, if any, impact that, that is having either in Q1 or expect to have this year in terms of room night growth?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Mark, the real driver on margins for the quarter was the shift of Easter to the second quarter. That -- I'd call that #1, and no real other significant drivers I'd call out. It's really sort of business as usual for us and we're happy with the margin profile that we see. And I think in Q2, you'll probably see the offset there of what happened in the first quarter. Dara, you want to talk about HomeAway??

---

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Mark, on the HomeAway inventory, we talked about it some earlier. It's very early right now. The production of HomeAway inventory on Expedia brands is pretty small. And we would expect to see that increase significantly as the year goes on and especially into next year. The priority for the HomeAway teams at this point is to make sure that the transition to online transactions goes smoothly, make sure that the experience, the traveler experience and the homeowner experience is as good as it can be, and that's really what we're focused on at this point.

---

**Operator**

We'll go next to Justin Patterson with Raymond James.

---

**Justin Tyler Patterson** - *Raymond James & Associates, Inc., Research Division - Internet Analyst*

First, on Egencia, Dara, you alluded to the business hitting an inflection point. Could you discuss what changed and just remind us whether the sales force investment was in the initial plan for the year or if it's something you've decided to lean into and invest a bit more in? And then secondly, on HomeAway, could you walk through just what differences you see between conversion on instantly bookable and online bookable today, and then what levers you have to move that more toward instant bookable over time?

---

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Sure. As far as Egencia hitting an inflection point, Egencia has been -- the team has been hard at work in a number of integrations over the past 3 years, the VIA integration, Orbitz for Business integration, the Orbitz business integration really, really going well. And those integrations always take time and they take focus and they cost money. And at the same time, the team has been investing in the core systems of the business to globalize them or to modernize the technology stack, really in the same way that we've been consistently doing with Expedia, Hotels.com, et cetera. Egencia has been a little later in coming just because of all the integrations that the team has been driving, but we feel like we're in a really good spot where the team is starting to deliver just excellent innovation on the product side. The sales, the response to our sales pitches, et cetera, has been very attractive, and we just continue to gain share in the core travel marketplace. We think that we are competing against a set of competitors who has fundamentally not made the shift online, has fundamentally not made the shift to agile technology, and we think this is the time for it to double down. So seeing the very strong results in the first quarter, we were already planning to invest in the Egencia sales team, but the pattern for our company overall with Expedia, Inc. is when we see some strength, we'd like to lean into that strength. And with Egencia, we're seeing strength, we're leaning into that strength, and it will be safe to assume that the sales plan and the sales hiring plan for Egencia is higher today than where we started the year from, and that's a great thing. As far as HomeAway, the difference is in conversion. We're not going to disclose specific differences, but it's safe to assume that online bookable properties convert and produce at better rates -- sorry, instant bookable properties produce at stronger rates than simply online bookable properties. Right now, the focus is moving folks to online bookable, and we will quickly shift to getting as much of them instant bookable as possible.

---

**Operator**

We'll go next to Michael Millman with Millman Research Associates.

---

**Michael Millman** - *Millman Research Associates - Founder*

Kind of following up on some of the things you suggested. I was interested in your thoughts on if you see some major disruptive technology on the horizon and if so, where so and when so? And what -- does it involve AI or what it may involve? And sort of unrelated to that, can you talk about what you're seeing in timeshare business as competitive for HomeAway and for maybe some of the related type of companies?

---

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

I think AI is a good deal down the road. I think right now, we are more dependent on OI, organic intelligence, here; of folks here at the company. I think as far as disruptive technology, I do like to talk about the 3 Ms, and it's not disruptive. It's just happening. One is mobile for us. And right now with most brands, over 1/3 of our transactions are mobile. Over half of our traffic is mobile. And the cool thing about mobile is it's always on and it gives you location context. The second M for us that's emerging especially in the APAC markets, are messaging. And what messaging does for us is it allows two-way communication at any time, but it also combines identity with that communication. And once you have identity, you can start communicating with someone on a one-to-one basis. Most of our systems right now are built to serve the average. This is a consumer where you come to Expedia, most of our systems are built to serve the average consumer. Now more and more we can optimize to the specific customer, and you combine that with a third M, which is machine learning, it is only possible to optimize to the individual based on very significant amounts of data, very significant amounts of interaction so that you can start treating every single customer in a different way. You can go back to the olden days when your travel agent knew exactly what you wanted. This is going to be disruptive, but it's going to be a slow disruption as we learn more



and more about you, as you tell us more and more about you through your behavior and otherwise give us more data. But we think that, that personal one-to-one connection is something that's coming over a period of time and we think that because we have so many opportunities to interact with the customer, we are -- and also because we are investing significantly in technology and product and user interaction, I think that we are one of the best-positioned companies in travel to take advantage of it. So call it a slow disruption, but it is absolutely coming. As far as the timeshare business as it relates to HomeAway, I think the timeshare companies and timeshare owners probably are participants in the HomeAway marketplace, but I can't say that it's something that we talk about on a significant basis in the HomeAway haul. So I'm sure they're part of the marketplace but at this point, it's not a significant portion of our strategy.

---

**Operator**

We'll go next to Perry Gold with MoffettNathanson.

---

**Perry Scott Gold** - *MoffettNathanson LLC - Analyst*

Two please, if I may. Is there any other color you can provide on the overall performance at your OTA brand other than Orbitz? And then also on the step-up in intercompany eliminations, does that just have to do with Expedia's brands taking more share on trivago or driving more traffic to trivago relative to other channels?

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Sure. I'll take those, Perry. Just take the second one first. The answer is yes. That is largely due to our brands, Brand Expedia, Hotels.com taking share in the trivago channel and doing very well there. Super attractive channel right now in the market, generally just because it's growing so quickly, and our brands are performing well, and we're very, very happy with the performance there, so it shows up in that number. In terms of overall performance at the core OTA brands, I think Brand Expedia is doing very well right now. It's great to have that team refocused on the core business and not so focused on integrations. They did a phenomenal job with those integrations. But as we all know, they did take a toll on the results, but that team is right back to business as usual. They're thrilled to be back to business as usual and are thrilled with the opportunity ahead of them and they're going after it, and the results are starting to show up. We're pleased with what we're seeing at Hotels.com as well. That team has been executing very well for a long period of time. They've got a great rewards program and they continue to press on that. Their international growth, I mentioned South Korea, is impressive, and they just continue to execute on their formula around the world. And then I'd also call out our private label business, the Expedia Affiliate Network business, who had a really good year last year and is just on a really solid footing this year, just exceptional results really powering the whole industry -- offline travel agencies, corporate travel players, other online travel agencies airlines, all with our world-class agency and merchant hotel inventory, and I'd just say the team is executing very well there and we're very excited about what the team can do.

---

**Operator**

We'll go next to Eric Sheridan with UBS.

---

**Eric James Sheridan** - *UBS Investment Bank, Research Division - MD and Equity Research Internet Analyst*

I think -- in a number of industry forums that's come up recently that paid marketing channels might actually be increasing in their importance in terms of the way consumers are finding travel brands, planning their travel. You obviously have a play on that with trivago, but -- I don't know, either Dara or Mark, if you'd like to talk about, the importance of the paid marketing channels, how relative ROIs might be evolving at some of those channels versus what you can do on brand building and trying to drive more direct traffic over time and maybe even lowering your overall ROI over time.



**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Sure, Eric. In general, listen, I think it's accurate to say that the paid channels are growing their audience share in terms of travel spend, and the fastest share growth is coming from the meta channels and the fastest share grower in the meta channels is trivago. That team is really executing on a world-class basis, and trivago I think, as far as audience share, as far as a channel goes, probably the fastest-growing scale channel there is in terms of audience, and that's a great thing. And as it relates to our relationship with these paid channels, I think, in general, the OTAs are consistently investing in conversion, in user -- in user experience and in data science that allows us to get, call it, a higher share of those paid channels than the other players out there. So while from a profitability margin basis, the increase in growth of those paid channels hurts our margin -- we talked a little bit about our sales and marketing margin as a percentage of revenue. From a share standpoint, it is unquestionably a positive for us, and it's a bigger positive because trivago is a part of the family. We're very strict on ROIs. And in general, ROIs, for us, look stable, and they look good and we view the paid channels as a very significant means for us to gain share and a significant means for us to go acquire new customers, especially in international markets. And then if we provide them for -- if we provide those customers a great experience, again and again, we see that a certain percentage of those customers move over to repeat customers and stay with us and come direct. And when you look at the profit dollars that are coming into, call it, the big two OTAs, you can certainly see that the profit dollars and the profit dollar growth there is quite healthy on a global basis. And at this point, I don't see anything that would change that.

---

**Operator**

And we'll go next to Lloyd Walmsley with Deutsche Bank.

---

**Seth Andrew Gilbert** - *Deutsche Bank AG, Research Division - Research Associate*

This is Seth on for Lloyd. I was wondering if you could provide any additional color as to how HomeAway contributed to room night's growth in the quarter and what the core room night year-over-year was as it seems to have slowed even given the ex-Easter and Leap Year impact.

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Yes. So HomeAway's standalone stayed room night growth was right in line with the rest of the business. So it didn't have an impact. It did help the booked room night metric that we gave you, but I think also just keep in mind that the other number we gave you is just around the global brands, which grew about 17% year-over-year on a stayed basis. So HomeAway was a factor, but it didn't change the story at all for us.

---

**Operator**

That is all the time we have questions for today, so I'll hand the call back over for Alan Pickerill for any additional or closing remarks.

---

**Alan Pickerill**

Great job. Thanks, everybody, for joining us today. We appreciate it. Dara, any closing remarks?

---

**Dara Khosrowshahi** - *Expedia, Inc. - CEO, President, Director and President of Expedia Worldwide*

Just thank you to our team on a global basis. We're off to a good start, and let's keep it that way. Thanks.

---

**Mark D. Okerstrom** - *Expedia, Inc. - CFO and EVP of Operations*

Thank you.

**Operator**

That does conclude today's conference. We thank you for your participation.

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2017, Thomson Reuters. All Rights Reserved.