

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 8-K

### CURRENT REPORT

#### Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 9, 2018

### Booking Holdings Inc.

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other Jurisdiction of  
Incorporation)

**1-36691**

(Commission File Number)

**06-1528493**

(IRS Employer Identification No.)

**800 Connecticut Avenue, Norwalk, Connecticut**

(Address of principal office)

**06854**

(zip code)

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4c under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Conditions**

On August 9, 2018, Booking Holdings Inc. announced its financial results for the quarter ended June 30, 2018. The press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. Copies of Booking Holdings' unaudited consolidated balance sheet at June 30, 2018, unaudited consolidated statement of operations for the three and six months ended June 30, 2018 and unaudited consolidated statement of cash flows for the six months ended June 30, 2018, are included in the financial and statistical supplement attached to the press release. The unaudited consolidated balance sheet at June 30, 2018, unaudited consolidated statement of operations for the three and six months ended June 30, 2018 and unaudited consolidated statement of cash flows for the six months ended June 30, 2018 shall be treated as "filed" for purposes of the Securities Exchange Act of 1934, as amended, but all other information in the press release shall be treated as "furnished."

**Item 9.01. Financial Statements and Exhibits**

**(d) Exhibits**

| <b>Exhibit Number</b>       | <b>Description</b>  |
|-----------------------------|---|
| <a href="#"><u>99.1</u></a> | Press release (which includes a financial and statistical supplement and related information) issued by Booking Holdings on August 9, 2018 relating to, among other things, its second quarter 2018 earnings. The unaudited consolidated balance sheet at June 30, 2018 and unaudited consolidated statement of operations for the three and six months ended June 30, 2018 and unaudited consolidated statement of cash flows for the six months ended June 30, 2018 shall be treated as "filed" for purposes of the Securities and Exchange Act of 1934, as amended, and the remaining information shall be treated as "furnished." |

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BOOKING HOLDINGS INC.

By: /s/ Peter J. Millones

Name: Peter J. Millones

Title: Executive Vice President and General Counsel

Date: August 9, 2018

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## EXHIBIT INDEX

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|---------------------------|--|
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## Booking Holdings Reports Financial Results for 2<sup>nd</sup> Quarter 2018

NORWALK, CT – August 9, 2018. . . Booking Holdings Inc. (NASDAQ: BKNG) today reported its 2<sup>nd</sup> quarter 2018 financial results. Second quarter gross travel bookings for Booking Holdings Inc. (the "Company," "Booking Holdings," "we," "our" or "us"), which refers to the total dollar value, generally inclusive of taxes and fees, of all travel services booked by its customers, net of cancellations, were \$23.9 billion, an increase of 15% over a year ago (approximately 11% on a constant-currency basis).

Booking Holding's total revenues for the 2<sup>nd</sup> quarter were \$3.5 billion as compared to gross profit of \$3.0 billion, a 20% increase from the prior year (approximately 16% on a constant-currency basis). Net income in the 2<sup>nd</sup> quarter was \$977.4 million, a 36% increase versus the prior year. Net income was \$20.13 per diluted share, a 40% increase as compared to the prior year. Net income in the 2<sup>nd</sup> quarter of 2018 includes approximately \$22 million of net unrealized gains on marketable equity securities during the period, pursuant to the adoption of a new accounting update effective for periods beginning after December 31, 2017.

Non-GAAP net income in the 2<sup>nd</sup> quarter was \$1.0 billion, a 32% increase versus the prior year. Non-GAAP net income was \$20.67 per diluted share, a 36% increase compared to \$15.14 per diluted share a year ago. Adjusted EBITDA for the 2<sup>nd</sup> quarter was \$1.3 billion, a 35% increase versus a year ago. Non-GAAP net income and adjusted EBITDA exclude net unrealized gains on marketable equity securities of approximately \$22 million. The section below entitled "*Non-GAAP Financial Measures*" provides definitions and information about the use of non-GAAP financial measures in this press release, and the attached financial and statistical supplement reconciles non-GAAP financial information with Booking Holdings' financial results under GAAP.

"Booking Holdings achieved strong results for the second quarter," said Glenn Fogel, Chief Executive Officer of Booking Holdings. "Adjusted EBITDA and non-GAAP EPS were up year-over-year 35% and 36%, respectively." Looking forward, Mr. Fogel said, "We will continue to execute on our long-term strategy to drive profitable growth and invest in capabilities to increase customer loyalty and build a larger direct business."

### Current Revenue Recognition Standard

Effective January 1, 2018, the Company adopted the current revenue standard, Accounting Standards Update 2014-09 ("Current Revenue Standard"). Under the Current Revenue Standard, the Company recognizes substantially all of its revenue at check-in, rather than at check-out, as it had in the past under the previous revenue standard ("Previous Revenue Standard"). Total revenues for the 2<sup>nd</sup> quarter of 2018 under the Current Revenue Standard were approximately the same as what gross profit for the 2<sup>nd</sup> quarter of 2018 would have been if reported under the Previous Revenue Standard.

In addition, revenues from *Name Your Own Price*<sup>®</sup> ("NYOP") transactions are now presented on a net basis, with the amounts remitted to the travel service providers reported as a reduction to merchant revenues. Therefore, the Company no longer presents cost of revenues or gross profit.

The year over year growth rates for 2018 compare total revenues in 2018 to gross profit in 2017. The adoption of the Current Revenue Standard, which as mentioned above had an insignificant impact on total revenues in the 2<sup>nd</sup> quarter of 2018, also had an immaterial impact on the growth rate when comparing total revenues for the 2<sup>nd</sup> quarter of 2018 under the Current Revenue Standard to gross profit for the 2<sup>nd</sup> quarter of 2017 reported under the Previous Revenue Standard.

**Booking Holdings' guidance for the 3<sup>rd</sup> quarter of 2018 is as follows:**

|  | Guidance Ranges |          |
|--|-----------------|----------|
|  | Low             | High     |
| <i>(U.S. Dollars in millions, except per share amounts)</i>                    |                 |          |
| <b>Metrics</b>   |                 |          |
| Year over year growth - Room nights booked                                     | 6%              | 9%       |
| Year over year growth - Total gross travel bookings                            | 3%              | 6%       |
| <i>Year over year growth - Total gross travel bookings (constant currency)</i> | 5%              | 8%       |
| <b>GAAP</b>  |                 |          |
| Year over year growth - Revenue <sup>(1)</sup>                                 | 6%              | 9%       |
| <i>Year over year growth - Revenue (constant currency) <sup>(1)</sup></i>      | 8%              | 11%      |
| Net income <sup>(2)(4)</sup>   | \$ 1,720        | \$ 1,770 |
| Net income per diluted share <sup>(3)(4)</sup>                                 | \$ 35.85        | \$ 36.85 |
| <b>Non-GAAP</b>  |                 |          |
| Non-GAAP Net income <sup>(2)</sup>   | \$ 1,760        | \$ 1,810 |
| Non-GAAP Net income per diluted share <sup>(3)</sup>                           | \$ 36.70        | \$ 37.70 |
| Adjusted EBITDA  | \$ 2,300        | \$ 2,360 |

<sup>(1)</sup> Growth rates compare the 3<sup>rd</sup> quarter of 2018 forecasted revenue under the current revenue standard to the 3<sup>rd</sup> quarter of 2017 gross profit as reported under the previous revenue standard.

<sup>(2)</sup> Assumes an estimated effective tax rate for the 3<sup>rd</sup> quarter of 2018 of approximately 21%.

<sup>(3)</sup> Assumes a fully diluted share count of approximately 48.0 million shares.

<sup>(4)</sup> Guidance for the 3<sup>rd</sup> quarter of 2018 for GAAP net income and net income per diluted share exclude the impact of unrealized gains and losses on marketable equity securities which are not predictable.

The Company estimates that total revenues recognized at check-in will be approximately 1% lower in the 3<sup>rd</sup> quarter of 2018 and approximately 5% higher in the 4<sup>th</sup> quarter of 2018 when compared to the same quarters in 2018 if revenues were recognized at check-out.

Non-GAAP adjustments for amortization expense of intangible assets, non-cash interest expense related to the amortization of debt discount and the tax impact of these non-GAAP adjustments are expected to increase non-GAAP net income over GAAP net income by approximately \$40 million in the 3<sup>rd</sup> quarter of 2018, before considering the impact of unrealized gains or losses on marketable equity securities which are not predictable.

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) is comprised of GAAP net income excluding depreciation and amortization expense, interest income, interest expense, unrealized gains and losses on marketable equity securities and income tax expense. Adjusted EBITDA is estimated to be higher than GAAP net income by approximately \$580 million to \$590 million in the 3<sup>rd</sup> quarter of 2018, before considering the impact of unrealized gains or losses on marketable equity securities which are not predictable.

## Non-GAAP Financial Measures

The Unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include all normal and recurring adjustments that management of the Company considers necessary for a fair presentation of its financial position and operating results.

To supplement the Unaudited Consolidated Financial Statements, the Company uses the following non-GAAP financial measures: Non-GAAP total revenues, adjusted EBITDA, non-GAAP net income, non-GAAP net income per share and free cash flow (net cash provided by operating activities less capital expenditures). The presentation of non-GAAP financial information should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

The Company uses non-GAAP financial measures for financial and operational decision-making and as a basis to evaluate performance and set targets for employee compensation programs. The Company believes that these non-GAAP financial measures are useful for analysts and investors to evaluate the Company's ongoing operating performance because they facilitate comparison of the Company's results for the current period and projected next-period results to those of prior periods and to those of its competitors (though other companies may calculate similar non-GAAP financial measures differently from those calculated by the Company). These non-GAAP financial measures, in particular adjusted EBITDA, non-GAAP net income and free cash flow are not intended to represent funds available for Booking Holdings' discretionary use and are not intended to represent or to be used as a substitute for operating income, net income or cash flow from operations as measured under GAAP. The items excluded from these non-GAAP measures, but included in the calculation of their closest GAAP equivalent, are significant components of the Company's consolidated statements of operations and cash flows and must be considered in performing a comprehensive assessment of overall financial performance.

Non-GAAP net income is net income with the following adjustments:

- excludes the impact, if any, of significant charges or benefits associated with judgments, rulings and/or settlements related to travel transaction tax (e.g., hotel occupancy taxes, excise taxes, sales taxes, etc.) proceedings or other litigation,
- excludes the impact of significant loyalty program adjustments, such as the favorable \$27 million adjustment to total revenues in the 1<sup>st</sup> quarter of 2018 related to recently introduced changes to OpenTable's loyalty program,
- excludes amortization expense of intangible assets,
- excludes the impact, if any, of significant charges related to the impairment of goodwill or intangible assets,
- excludes non-cash interest expense related to the amortization of debt discount and gains or losses on early extinguishment of debt, if any, related to our convertible debt,
- excludes the impact, if any, of significant gains or losses on the sale of cost-method investments and significant charges related to other-than-temporary impairments of such investments,
- excludes, if any, unrealized gains and losses on marketable equity securities, that are recognized in net income (beginning in the 1<sup>st</sup> quarter of 2018), and
- the income tax impact of the non-GAAP adjustments mentioned above.

In addition to the adjustments listed above regarding non-GAAP net income, adjusted EBITDA excludes depreciation expense, interest income, interest expense and income tax expense.

We evaluate certain operating and financial measures on both an as-reported and constant-currency basis. We calculate constant currency by converting our current-year period results for transactions recorded in currencies other than U.S. Dollars using the corresponding prior-year period monthly average exchange rates rather than the current-year period monthly average exchange rates.

The attached financial and statistical supplement includes reconciliations of our financial results under GAAP to non-GAAP financial information for the three and six months ended June 30, 2018 and 2017.

## Information About Forward-Looking Statements

This press release contains forward-looking statements, including information providing guidance of expected future period financial performance. These forward-looking statements reflect the views of the Company's management regarding current expectations and projections about future events and are based on currently available information and current foreign currency exchange rates. These forward-looking statements are not guarantees of future performance and are subject to 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 and similar expressions including, "may," "will," "should," "could," "expects," "plans," "anticipates," "intends," "believes," "estimates," "predicts," "potential," "targets," or "continue," reflecting something other than historical fact are intended to identify forward-looking statements.

The following factors, among others, could cause the Company's actual results to differ materially from those described in the forward-looking statements:

- adverse changes in general market conditions for travel services, including the effects of macroeconomic conditions, terrorist attacks, natural disasters, health concerns, civil or political unrest or other events outside our control;
- the effects of increased competition;
- fluctuations in foreign exchange rates and other risks associated with doing business in multiple currencies;
- our ability to successfully manage our growth and expand our global business;
- our performance advertising efficiency;
- IT systems-related failures, data privacy risks and obligations, and/or security breaches;
- any write-downs or impairments of goodwill or intangible assets related to acquisitions or investments;
- any change by our search and meta-search partners in how they present travel search results or conduct their auctions for search placement in a manner that is competitively disadvantageous to us;
- our ability to respond to and keep up with the rapid pace of technological change;
- adverse changes in relationships with travel service providers and restaurants;
- our ability to attract and retain qualified personnel; and
- tax, legal and regulatory risks.

For a detailed discussion of these and other factors that could cause the Company's actual results to differ materially from those described in the forward-looking statements, please refer to the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission and any subsequently filed Quarterly Reports on Form 10-Q. Unless required by law, the Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

### About Booking Holdings Inc.

Booking Holdings (NASDAQ: BKNG) is the world's leading provider of online travel and related services, provided to consumers and local partners in over 220 countries and territories across Europe, North America, South America, the Asia-Pacific region, the Middle East and Africa in over 40 languages. The mission of Booking Holdings is to help people experience the world.

For more information, visit [BookingHoldings.com](http://BookingHoldings.com) and follow us on Twitter @BookingHoldings.

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**Booking Holdings Inc.**  
**UNAUDITED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share and per share data)

|   | June 30,<br>2018     | December 31,<br>2017 |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents   | \$ 3,186,665         | \$ 2,541,604         |
| Short-term investments in marketable securities   | 4,145,753            | 4,859,873            |
| Accounts receivable, net of allowance for doubtful accounts of \$47,258 and \$39,282, respectively                      | 1,715,055            | 1,217,801            |
| Prepaid expenses and other current assets   | 985,901              | 415,527              |
| Total current assets  | 10,033,374           | 9,034,805            |
| Property and equipment, net   | 613,462              | 480,081              |
| Intangible assets, net  | 2,162,766            | 2,176,823            |
| Goodwill  | 2,850,396            | 2,737,671            |
| Long-term investments   | 9,444,908            | 10,872,527           |
| Other assets  | 191,347              | 149,356              |
| Total assets  | <u>\$ 25,296,253</u> | <u>\$ 25,451,263</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable  | \$ 1,053,509         | \$ 667,523           |
| Accrued expenses and other current liabilities  | 1,418,603            | 1,138,980            |
| Deferred merchant bookings  | 1,802,182            | 980,455              |
| Convertible debt  | 948,190              | 710,910              |
| Total current liabilities   | 5,222,484            | 3,497,868            |
| Deferred income taxes   | 502,581              | 481,139              |
| Long-term U.S. transition tax liability   | 1,144,682            | 1,250,846            |
| Other long-term liabilities   | 143,651              | 148,061              |
| Long-term debt  | 7,764,580            | 8,809,788            |
| Total liabilities   | 14,777,978           | 14,187,702           |
| Convertible debt  | 45,643               | 2,963                |
| Stockholders' equity:   |                      |                      |
| Common stock, \$0.008 par value; authorized 1,000,000,000 shares, 62,926,877 and 62,689,097 shares issued, respectively | 489                  | 487                  |
| Treasury stock, 15,162,512 and 14,216,819 shares, respectively  | (10,630,361)         | (8,698,829)          |
| Additional paid-in capital  | 5,225,709            | 5,783,089            |
| Retained earnings   | 15,953,078           | 13,938,869           |
| Accumulated other comprehensive income (loss)   | (76,283)             | 236,982              |
| Total stockholders' equity  | 10,472,632           | 11,260,598           |
| Total liabilities and stockholders' equity  | <u>\$ 25,296,253</u> | <u>\$ 25,451,263</u> |

**Booking Holdings Inc.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)

|  | Three Months Ended<br>June 30, |                   | Six Months Ended<br>June 30, |                     |
|--|--------------------------------|-------------------|------------------------------|---------------------|
|  | 2018                           | 2017              | 2018                         | 2017                |
| Agency revenues  | \$ 2,566,293                   | \$ 2,332,371      | \$ 4,679,632                 | \$ 4,117,684        |
| Merchant revenues  | 709,864                        | 498,133           | 1,236,331                    | 940,178             |
| Advertising and other revenues   | 260,937                        | 194,052           | 549,332                      | 386,098             |
| Total revenues   | <u>3,537,094</u>               | <u>3,024,556</u>  | <u>6,465,295</u>             | <u>5,443,960</u>    |
| Cost of revenues   |                                | 67,425            |                              | 147,826             |
| Gross profit   |                                | <u>2,957,131</u>  |                              | <u>5,296,134</u>    |
| Operating expenses:  |                                |                   |                              |                     |
| Performance marketing  | 1,141,893                      | 1,151,343         | 2,248,100                    | 2,133,515           |
| Brand marketing  | 123,734                        | 130,321           | 225,136                      | 211,139             |
| Sales and other expenses   | 203,593                        | 121,915           | 369,393                      | 231,514             |
| Personnel, including stock-based compensation of \$74,540, \$66,879, \$145,945 and \$125,827, respectively | 522,250                        | 385,708           | 1,021,137                    | 736,738             |
| General and administrative   | 158,753                        | 143,882           | 320,892                      | 279,429             |
| Information technology   | 58,950                         | 44,831            | 119,391                      | 84,776              |
| Depreciation and amortization  | 106,666                        | 85,872            | 209,756                      | 169,302             |
| Total operating expenses   | <u>2,315,839</u>               | <u>2,063,872</u>  | <u>4,513,805</u>             | <u>3,846,413</u>    |
| Operating income   | <u>1,221,255</u>               | <u>893,259</u>    | <u>1,951,490</u>             | <u>1,449,721</u>    |
| Other (expense) income:  |                                |                   |                              |                     |
| Interest income  | 45,690                         | 36,821            | 92,569                       | 68,813              |
| Interest expense   | (64,837)                       | (60,942)          | (135,072)                    | (116,659)           |
| Net unrealized gains on marketable equity securities   | 21,849                         | —                 | 76,363                       | —                   |
| Foreign currency transactions and other  | (15,046)                       | (6,021)           | (23,102)                     | (11,148)            |
| Total other (expense) income   | <u>(12,344)</u>                | <u>(30,142)</u>   | <u>10,758</u>                | <u>(58,994)</u>     |
| Earnings before income taxes   | 1,208,911                      | 863,117           | 1,962,248                    | 1,390,727           |
| Income tax expense   | 231,539                        | 142,908           | 377,666                      | 214,895             |
| Net income   | <u>\$ 977,372</u>              | <u>\$ 720,209</u> | <u>\$ 1,584,582</u>          | <u>\$ 1,175,832</u> |
| Net income applicable to common stockholders per basic common share  | <u>\$ 20.34</u>                | <u>\$ 14.66</u>   | <u>\$ 32.87</u>              | <u>\$ 23.92</u>     |
| Weighted-average number of basic common shares outstanding   | <u>48,055</u>                  | <u>49,131</u>     | <u>48,202</u>                | <u>49,161</u>       |
| Net income applicable to common stockholders per diluted common share                                      | <u>\$ 20.13</u>                | <u>\$ 14.39</u>   | <u>\$ 32.42</u>              | <u>\$ 23.49</u>     |
| Weighted-average number of diluted common shares outstanding   | <u>48,550</u>                  | <u>50,056</u>     | <u>48,877</u>                | <u>50,049</u>       |

**Booking Holdings Inc.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)

|  | <b>Six Months Ended<br/>June 30,</b> |                     |
|--|--------------------------------------|---------------------|
|  | <b>2018</b>                          | <b>2017</b>         |
| <b>OPERATING ACTIVITIES:</b>   |                                      |                     |
| Net income   | \$ 1,584,582                         | \$ 1,175,832        |
| Adjustments to reconcile net income to net cash provided by operating activities:                  |                                      |                     |
| Depreciation   | 117,427                              | 85,123              |
| Amortization   | 92,329                               | 84,179              |
| Provision for uncollectible accounts   | 62,033                               | 26,127              |
| Deferred income tax benefit  | (21,328)                             | (40,939)            |
| Net unrealized gains on marketable equity securities   | (76,363)                             | —                   |
| Stock-based compensation expense and other stock-based payments                                    | 149,501                              | 126,047             |
| Amortization of debt issuance costs  | 3,793                                | 4,509               |
| Amortization of debt discount  | 27,371                               | 35,386              |
| Loss on early extinguishment of debt   | —                                    | 1,027               |
| Changes in assets and liabilities, net of effects of an acquisition:                               |                                      |                     |
| Accounts receivable  | (391,802)                            | (333,545)           |
| Prepaid expenses and other current assets  | (574,151)                            | (438,641)           |
| Accounts payable, accrued expenses and other current liabilities                                   | 1,328,616                            | 873,705             |
| Other long-term assets and liabilities   | (11,789)                             | 3,024               |
| Net cash provided by operating activities  | <u>2,290,219</u>                     | <u>1,601,834</u>    |
| <b>INVESTING ACTIVITIES:</b>   |                                      |                     |
| Purchase of investments  | (1,359,605)                          | (2,869,903)         |
| Proceeds from sale of investments  | 3,497,179                            | 1,480,236           |
| Additions to property and equipment  | (235,035)                            | (147,269)           |
| Acquisitions and other investments, net of cash acquired   | (139,386)                            | (490)               |
| Net cash provided by (used in) investing activities  | <u>1,763,153</u>                     | <u>(1,537,426)</u>  |
| <b>FINANCING ACTIVITIES:</b>   |                                      |                     |
| Proceeds from short-term borrowing   | 3,033                                | 4,599               |
| Proceeds from the issuance of long-term debt   | —                                    | 1,051,722           |
| Payments for conversion of senior notes  | (1,487,109)                          | (83,473)            |
| Payment of debt  | (348)                                | —                   |
| Payments for repurchase of common stock  | (1,905,280)                          | (555,250)           |
| Proceeds from exercise of stock options  | 1,329                                | 2,790               |
| Net cash (used in) provided by financing activities  | <u>(3,388,375)</u>                   | <u>420,388</u>      |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash and cash equivalents | <u>(20,457)</u>                      | <u>68,570</u>       |
| Net increase in cash, cash equivalents and restricted cash and cash equivalents                    | 644,540                              | 553,366             |
| Cash, cash equivalents and restricted cash and cash equivalents, beginning of period               | 2,563,341                            | 2,082,007           |
| Cash, cash equivalents and restricted cash and cash equivalents, end of period                     | <u>\$ 3,207,881</u>                  | <u>\$ 2,635,373</u> |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>   |                                      |                     |
| Cash paid during the period for income taxes   | <u>\$ 984,524</u>                    | <u>\$ 577,247</u>   |
| Cash paid during the period for interest   | <u>\$ 100,662</u>                    | <u>\$ 60,308</u>    |
| Non-cash financing activity for loan forgiveness   | <u>\$ —</u>                          | <u>\$ 1,000</u>     |
| Non-cash operating and financing activity for an acquisition                                       | <u>\$ 50,751</u>                     | <u>\$ —</u>         |
| Non-cash investing and financing activity for an acquisition                                       | <u>\$ 59,690</u>                     | <u>\$ —</u>         |

**Booking Holdings Inc.**  
**UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION**  
(In thousands, except per share data)

| RECONCILIATION OF TOTAL REVENUES / GROSS PROFIT TO NON-GAAP TOTAL REVENUES / GROSS PROFIT | Three Months Ended<br>June 30, |              | Six Months Ended<br>June 30, |              |
|---|--------------------------------|--------------|------------------------------|--------------|
|   | 2018                           | 2017         | 2018                         | 2017         |
|   | Total Revenues/Gross profit    | \$ 3,537,094 | \$ 2,957,131                 | \$ 6,465,295 |
| (a) Adjustment to loyalty program liability   | —                              | —            | (27,064)                     | —            |
| Non-GAAP Total Revenues/Gross profit  | \$ 3,537,094                   | \$ 2,957,131 | \$ 6,438,231                 | \$ 5,296,134 |

| RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA                       | Three Months Ended<br>June 30, |              | Six Months Ended<br>June 30, |              |
|---|--------------------------------|--------------|------------------------------|--------------|
|   | 2018                           | 2017         | 2018                         | 2017         |
|   | Net income                     | \$ 977,372   | \$ 720,209                   | \$ 1,584,582 |
| (a) Adjustment to loyalty program liability                           | —                              | —            | (27,064)                     | —            |
| (b) Depreciation and amortization                                     | 106,666                        | 85,872       | 209,756                      | 169,302      |
| (b) Interest income   | (45,690)                       | (36,821)     | (92,569)                     | (68,813)     |
| (b) Interest expense  | 64,837                         | 60,942       | 135,072                      | 116,659      |
| (e) Loss on early extinguishment of debt                              | —                              | 1,027        | —                            | 1,027        |
| (c) Unrealized gains on marketable equity securities                  | (21,849)                       | —            | (76,363)                     | —            |
| (b) Income tax expense  | 231,539                        | 142,908      | 377,666                      | 214,895      |
| Adjusted EBITDA   | \$ 1,312,875                   | \$ 974,137   | \$ 2,111,080                 | \$ 1,608,902 |
| <i>Adjusted EBITDA as a % of Non-GAAP Total Revenues/Gross Profit</i> | <i>37.1%</i>                   | <i>32.9%</i> | <i>32.8%</i>                 | <i>30.4%</i> |

| RECONCILIATION OF NET INCOME TO NON-GAAP NET INCOME AND NON-GAAP NET INCOME PER DILUTED COMMON SHARE | Three Months Ended<br>June 30, |            | Six Months Ended<br>June 30, |              |
|--|--------------------------------|------------|------------------------------|--------------|
|  | 2018                           | 2017       | 2018                         | 2017         |
|  | Net income                     | \$ 977,372 | \$ 720,209                   | \$ 1,584,582 |
| (a) Adjustment to loyalty program liability  | —                              | —          | (27,064)                     | —            |
| (c) Net unrealized gains on marketable equity securities   | (21,849)                       | —          | (76,363)                     | —            |
| (d) Amortization of intangible assets  | 45,779                         | 41,161     | 92,329                       | 84,179       |
| (e) Debt discount amortization related to convertible debt   | 10,895                         | 16,525     | 24,669                       | 33,019       |
| (e) Loss on early extinguishment of debt   | —                              | 1,027      | —                            | 1,027        |
| (f) Tax impact of Non-GAAP adjustments   | (8,831)                        | (20,995)   | (4,362)                      | (42,063)     |
| Non-GAAP Net income  | \$ 1,003,366                   | \$ 757,927 | \$ 1,593,791                 | \$ 1,251,994 |
| GAAP weighted-average number of diluted common shares outstanding                                    | 48,550                         | 50,056     | 48,877                       | 50,049       |
| Non-GAAP Net income per diluted common share   | \$ 20.67                       | \$ 15.14   | \$ 32.61                     | \$ 25.02     |

| RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW | Six Months Ended<br>June 30, |              |
|---|------------------------------|--------------|
|   | 2018                         | 2017         |
| Net cash provided by operating activities                                 | \$ 2,290,219                 | \$ 1,601,834 |
| (g) Additions to property and equipment                                   | (235,035)                    | (147,269)    |
| Free cash flow  | \$ 2,055,184                 | \$ 1,454,565 |
| <i>Free cash flow as a % of Non-GAAP Total Revenues/Gross Profit</i>      | <i>31.9%</i>                 | <i>27.5%</i> |

**Notes:**

- (a) Favorable adjustment to OpenTable's loyalty program liability related to recently introduced changes to the program.
- (b) Amounts are excluded from Net income to calculate Adjusted EBITDA.
- (c) Net unrealized gains related to the change in fair value of our investment in Ctrip equity securities.
- (d) Amortization of intangible assets is recorded in Depreciation and amortization expense.
- (e) Non-cash interest expense related to the amortization of debt discount and loss on early extinguishment of debt are recorded in Interest expense and Foreign currency transactions and other, respectively. Loss on early extinguishment of debt is excluded from Net Income to calculate Non-GAAP Net Income and Adjusted EBITDA.
- (f) Reflects the tax impact of Non-GAAP adjustments.
- (g) Additions to property and equipment and land-use rights are included in the calculation of Free cash flow.

*For a more detailed discussion of the adjustments described above, please see the section in our press release entitled "Non-GAAP Financial Measures" which provides a definition and information about the use of non-GAAP financial measures.*

**Booking Holdings Inc.***Statistical Data*In millions<sup>(1)</sup>*(Unaudited)*

| <b>Gross Bookings<sup>(2)</sup></b> | <b>2Q16</b> | <b>3Q16</b> | <b>4Q16</b> | <b>1Q17</b> | <b>2Q17</b> | <b>3Q17</b> | <b>4Q17</b> | <b>1Q18</b> | <b>2Q18</b> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Agency                              | \$ 15,369   | \$ 15,757   | \$ 12,978   | \$ 18,140   | \$ 17,947   | \$ 18,594   | \$ 15,015   | \$ 20,576   | \$ 19,090   |
| Merchant                            | 2,494       | 2,703       | 2,134       | 2,546       | 2,850       | 3,168       | 2,965       | 4,434       | 4,807       |
| Total                               | \$ 17,862   | \$ 18,460   | \$ 15,112   | \$ 20,687   | \$ 20,797   | \$ 21,762   | \$ 17,980   | \$ 25,009   | \$ 23,896   |

**Year/Year Growth**

|                   |        |        |        |        |        |        |       |       |       |
|-------------------|--------|--------|--------|--------|--------|--------|-------|-------|-------|
| Agency            | 19.4 % | 22.6 % | 25.5 % | 24.8 % | 16.8 % | 18.0 % | 15.7% | 13.4% | 6.4%  |
| Merchant          | 19.1 % | 40.2 % | 27.8 % | 20.2 % | 14.3 % | 17.2 % | 39.0% | 74.1% | 68.6% |
| Total             | 19.4 % | 24.9 % | 25.8 % | 24.2 % | 16.4 % | 17.9 % | 19.0% | 20.9% | 14.9% |
| Constant Currency | 21 %   | 26 %   | 28 %   | 27 %   | 19 %   | 16 %   | 14%   | 12%   | 11%   |

| <b>Units Sold</b> | <b>2Q16</b> | <b>3Q16</b> | <b>4Q16</b> | <b>1Q17</b> | <b>2Q17</b> | <b>3Q17</b> | <b>4Q17</b> | <b>1Q18</b> | <b>2Q18</b> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Room Nights       | 140.7       | 149.6       | 129.7       | 173.9       | 170.2       | 177.5       | 151.5       | 196.8       | 190.5       |
| Year/Year Growth  | 24.4 %      | 29.4 %      | 31.0 %      | 27.4 %      | 21.0 %      | 18.6 %      | 16.8%       | 13.2%       | 12.0%       |

|                  |       |        |        |        |        |       |      |      |      |
|------------------|-------|--------|--------|--------|--------|-------|------|------|------|
| Rental Car Days  | 18.5  | 18.0   | 14.0   | 18.6   | 20.7   | 19.0  | 14.7 | 18.7 | 20.9 |
| Year/Year Growth | 7.9 % | 12.5 % | 14.4 % | 15.4 % | 11.7 % | 5.5 % | 5.4% | 0.6% | 1.0% |

|                  |        |        |        |        |        |         |      |      |      |
|------------------|--------|--------|--------|--------|--------|---------|------|------|------|
| Airline Tickets  | 2.0    | 1.9    | 1.6    | 1.8    | 1.8    | 1.7     | 1.6  | 1.8  | 1.9  |
| Year/Year Growth | (6.6)% | (2.5)% | (4.3)% | (2.1)% | (8.7)% | (11.8)% | 3.1% | 1.9% | 5.3% |

|  | <b>2Q16</b> | <b>3Q16</b> | <b>4Q16</b> | <b>1Q17</b> | <b>2Q17</b> | <b>3Q17</b> | <b>4Q17</b> | <b>1Q18</b> | <b>2Q18</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Gross Profit/Total Revenues (2018) <sup>(3)/(4)</sup></b> | \$ 2,434    | \$ 3,589    | \$ 2,281    | \$ 2,339    | \$ 2,957    | \$ 4,380    | \$ 2,763    | \$ 2,928    | \$ 3,537    |
| Year/Year Growth <sup>(4)</sup>                              | 16.1 %      | 22.1 %      | 21.1 %      | 15.5 %      | 21.5 %      | 22.0 %      | 21.1%       | 25.2%       | 19.6%       |
| Constant Currency <sup>(4)</sup>                             | 18 %        | 23 %        | 24 %        | 17 %        | 24 %        | 19 %        | 17%         | 18%         | 16%         |

<sup>(1)</sup>Amounts may not total due to rounding.<sup>(2)</sup>Gross bookings is an operating and statistical metric that captures the total dollar value, generally inclusive of taxes and fees, of all travel services booked by our customers, net of cancellations.<sup>(3)</sup>For periods ending prior to January 1, 2018, gross profit has been adjusted to reflect the reclassification of certain prior period expenses from "cost of revenues" to "sales and other expense" to conform to the current period presentation.<sup>(4)</sup>For periods beginning after December 31, 2017, the Company records amounts remitted to travel service providers as a reduction to merchant revenues and therefore no longer presents cost of revenues or gross profit. The year over year growth rate compares total revenues in 2018 reported under the current revenue standard to gross profit in 2017 reported under the previous revenue standard.