Tripadvisor: Q2 Update

Travel Sickness

Summary

It seems I have made a mistake, I should have paid more attention to Viator's quality compared with competitors (more on this below). Experiences revenue grew 3%, down from 10% last year and 8% in Q1, and Q3 is guided at -2% to +1%. This is not good news. The shares are down 34% from June to $8.51, and I have embarrassingly cut my base case from $26 to about $9 because I don't think Viator is very good anymore and is eroding in a winner-take-all network marketplace. I still think the parts are worth more than the price, but I don't trust the management. The Q2 Experiences margin missed its guide without comment and two May forecasts have quietly gone. GetYourGuide grew 34% in North America while Viator's segment grew 7%, which makes weather hard to believe.

The quarter

$m	Q2 2026	Q2 2025	Change	Q3 guidance
Group revenue	441.9	476.0	-7%	-7% to -10%
Experiences revenue	278.6	270.5	+3%	-2% to +1%
Hotels & Other revenue	163.3	205.5	-21%	-20% to -23%
Experiences margin	11.1%	14.0%	-2.9 pts	14% to 17%
Free cash flow	129.8	183.4	-29%	

TheFork is excluded as a discontinued operation. The sale moved to a definitive agreement on 2 August for about $680m net and should close by year-end. That part of the thesis is on track. The operating side is where I was wrong. Marketing rose to 61% of Experiences revenue from 56%, which is where the margin went, and Hotels & Other EBITDA looks like about $139m this year against $207m in 2025. No shares were bought back in the first half. Float-adjusted net cash after the sale is about $203m, not the $250m I used in June.

Management

Given	What management said	What happened
February	Experiences margin up 300–400 bps in 2026	First-half margin 2.5%, against 5.5% last year
May	Bookings to reach "normalized levels as we exit Q2"	June stepped back, July "uneven"
May	Growth to "reaccelerate in the second half"	Q3 revenue guided at -2% to +1%

Given	What management said	What happened
May	Q2 Experiences margin 12% to 14%	11.1%

Every revenue range given in May was hit, and on both calls they showed cash net of what is owed to tour operators. In May they also admitted plainly that Q1 came in short. August was different. The Experiences margin missed its guide, and the remarks left the guide out; the group only beat on EBITDA because Hotels & Other and TheFork did. Neither May forecast came up again, and the February targets have not been withdrawn. The cause also changes each quarter, from the Middle East, Mexico and Hawaii in Q1 to heat and the US-to-Europe corridor in Q2.

AI licensing

Some investors are hoping for a Reddit-style data deal. Reddit gets about $60m a year from Google and an estimated $70m from OpenAI. Tripadvisor already has AI deals with OpenAI, Perplexity, Microsoft, Amazon, Anthropic and Google, but has never said what they earn, and nothing shows up in the reported numbers. Its billion-plus reviews are valuable but narrower than Reddit's data, so I'd put a realistic figure at $20–50m a year.

GetYourGuide

I think Viator is losing share. GetYourGuide 'GYG' grew gross bookings 34% in North America in the first half, against 7% for Viator's segment, and its most-booked city for North American customers was Rome. It grew through the same weather and the same corridor Tripadvisor blames. The CFO's answer, that Viator is "maintaining share", doesn't fit those numbers. GetYourGuide is growing off a smaller base, and I can't see its marketing spend. But it has probably overtaken Viator in global gross bookings this year, and my June report leaned on Viator being the largest. GYG is by far the better product, the user experience and the range of options are vastly better. When I was on holiday all my bookings were made on GYG. Tour operators had never even heard of Viator and neither have my well-travelled peers.

Where this leaves me

I have completely reworked my valuation based on my opinion of Viator's competitive positioning, which looks like it's being confirmed by poor results and guidance.

My base case is now about $9.10 a share, down from about $25.60 in June. Most of the cut comes from two changes. I now value Viator on its earnings, not its revenue, and Hotels & Other is shrinking more than twice as fast as I assumed. In June I valued Viator on revenue because its roughly 10% margin was expected to rise, and my only comparisons, GetYourGuide and Klook, were private and priced on revenue. With growth now at 3–5% and the margin falling from 5.5% to 2.5% in H1, I value it on earnings instead.

Input	June report	Now	Why it changed
Viator	~2x 2025 revenue of $924m: $2,100m	15x 2026E EBITDA after stock comp of ~$38m: $573m	Growth is 3–5% and the margin is falling. A revenue multiple assumed the margin would recover

Input	June report	Now	Why it changed
Hotels & Other	4x 2025 EBITDA of $207m: $830m	3x 2026E EBITDA after stock comp of ~$100m: $299m	Revenue is falling 20%+ a year and EBITDA fell 32% in the first half
Corporate costs	-$200m overhead charge	None	The two segments add up to group EBITDA, so these costs were already counted
Stock compensation	Not deducted	~$70m a year, taken out of each segment's EBITDA (Viator ~$31m, Hotels & Other ~$39m)	Real cost, and the comps' multiples are struck after it. Not reported by segment, so split by personnel costs
Net cash, float-adjusted	~$250m	~$203m	Merchant payables are $484m, and TheFork net proceeds are ~$680m, not $700m
Diluted shares	116.4m	117.9m	Per the Q2 10-Q
Equity value	$2,980m	$1,075m	
Per share	~$25.60	~$9.10	

Why these multiples.

- **Viator, 15x 2026E EBITDA.** 2026 is a trough year if we believe management's excuses - I'm not convinced. Thus I pay a little above the large OTAs on depressed earnings. That works out at about 11x Viator's 2025-level earnings, in line with Booking and Expedia (below).
- **Hotels & Other, 3x 2026E EBITDA.** This is a rapidly dying business. Cash flows shrinking 15–20% a year, discounted at 10%, are worth roughly 2.7–3.4x this year's figure, and 3x sits in that range.
- **Stock compensation, by segment.** Tripadvisor doesn't split it by segment, so I allocate the ~$70m by each segment's personnel costs (44% Viator, 56% Hotels & Other) and take it out of EBITDA before applying the multiples.

AI licensing. At $20–50m a year, near-100% margin and about 5x (these contracts are short and get renegotiated), licensing would be worth $100–250m, or about $0.85–2.10 a share. I treat it as potential upside until Tripadvisor discloses what its existing deals earn. I haven't put it in the valuation section because it's pure estimation but it's a plausible outcome.

Defending 15x for Viator. On trailing EV/EBITDA, Booking trades at about 11.7x and Expedia at about 10.9x, with three-year revenue growth forecasts of 8–9%. Airbnb is at about 31.5x on 13% growth. GetYourGuide is private; its last reported valuation was about $2bn in 2023, roughly 2x revenue. Klook has no EBITDA multiple because it loses money.

Company	EV/EBITDA (trailing)	Forecast revenue growth (3-year)
Booking Holdings	11.7x	~9%

Company	EV/EBITDA (trailing)	Forecast revenue growth (3-year)
Expedia	10.9x	~8%
Airbnb	31.5x	~13%
Viator (my base)	15x 2026E after stock comp, ~11x on 2025 earnings	3–5% now

On its face 15x is above Booking and Expedia, which are bigger, more profitable and now growing faster. My answer is that 2026 is a trough for Viator's earnings: its margin is about 7%, against 9.8% in 2025. Fifteen times the trough is about 11x Viator's 2025-level earnings, in line with the two large OTAs. If the margin does not recover, the multiple is too high, and 11–12x on 2026 earnings would take the base case to about $8.