Airbnb Conference Call Notes – Q1 2025

Important disclosures can be found in Appendix
August 6, 2025

Full Conference Call Notes

Q3 guidance

- Expect nights & seats booked growth relatively stable compared to Q2
- Saw acceleration of nights booked growth in July, particularly in North America
  - Right now we are comping a softer period – saw quite depressed bookings in July 2024
  - Last year we saw a couple point acceleration through Q3
  - We grew 8% in Q3 2024 and accelerated 4 points to over 12% growth in in Q4 2024
- We are seeing that 2023 is a is a bit more of a normalized comp for 2025
  - Looking at the 2-year comp implies YOY growth in Q4 could decel from Q3 growth
- Reported ADR up modestly (driven by FX)
- Revenue of $4.02-4.10B (+8-10%)
- EBITDA over $2B
  - EBITDA margin lower than in Q3 2024 due to investments in new growth and policy initiatives
  - Expect similar y/y margin decline in Q4 margin due to growth investments and tougher comp

Q2 booking trends

- 2Q nights & seats booked grew 7% (1Q was up 8%)
  - Nights booked accelerated from April to July
- Saw relatively consistent booking behavior by our guests
  - Market type, travel corridor, and LOS were stable vs last year
  - Lead times were down 7% YOY in April
  - Lead times normalized by June and actually lengthened YOY in July
- Mobile app nights were up 17% (stable with 1Q growth)
- Mobile app was 59% mix, up 4 points YOY (last Q expanded 5 points)
- 2Q GBV increased 9% ex-FX
  - 2Q ADR was up 1% ex-FX largely due to price appreciation

Q2 regional performance

- N America
  - Nights booked up low-single-digits (stable with Q1)
  - ADR increased 3% (same as 1Q) driven by mix shift to short-term stays
  - Growth in U.S. nights booked accelerated each month April through June
  - Travel from Canada to the U.S. remained soft
  - Nights booked by CAN (within CAN and to destinations outside N America) accelerated from Q1 2025
- EMEA
  - Nights booked up mid-single-digits (stable with Q1)
  - ADR increased 3% (following 3% in 1Q) driven by price appreciation
  - Germany (expansion market) grew double-digits, accelerating from Q1
- LatAm
  - Nights booked up high-teens (vs. low-20s in Q1)
  - ADR increased 2% (stable with Q1) driven by price appreciation
  - Brazil remains one of the fastest growing countries

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        - Brazil origin nights up high-teens (vs. 27% in Q1)
        - Brazilian first-time bookers grew 20% (vs. 30% growth in Q1)
    - Recently introduced another way for guests to pay in Brazil
- APAC
    - Nights booked up mid-teens (stable with Q1)
    - ADR increased 1% (Q1 was up 3%) driven by price appreciation
    - Last year launched Japanese brand campaign for domestic travel
        - 15% growth in Japanese first-time bookers
        - Growth in Japanese origin nights booked accelerated from Q1

Strategic priorities

- 1) Perfect core service
    - Saw rev lift in Q2 from checkout, messaging, merchandising, and more flexible payment options
    - Expanding AI-powered customer service agent to 100% of U.S. users
    - Reduces % of hosts/guests contacting human agents by 15%
    - Plan to roll-out to more countries & languages this year
- 2) Accelerate growth in global markets
- 3) Launch & scale new offerings

Supply

- Active listings grew slightly above nights & seats booked (up 7%)
    - Continued to see growth urban and non-urban markets
    - Fastest growth came from LatAm and APAC
- Supply strategy remains on three areas
    - 1) Targeted acquisition – sufficient supply in supply constrained markets
    - 2) Calendar availability – Co-Host Network supports 100k listings with 10M nights booked since launch
    - 3) Quality listings – removing low-quality supply
        - Removed 50k listings in Q2 and removed over 500k since launch in quality review system (2023)
        - Have seen reduction in CS issue rates and credit card chargeback rates
        - Since launching Guest Favorites – over 400M nights booked at Guest Favorite listings
        - Q2 nights booked at listings managed by Superhosts increased 12% (vs. 15% in Q1)

Special events partnerships

- Announced several partnerships to help accelerate growth in key markets
    - 3-year partnership with Tour De France
    - Live music partnership with Lollapalooza worldwide
    - Continued partnership with Olympics for upcoming Winter Olympics in Milan
    - Multi-tournament partnership for FIFA Club World Cup 2025, FIFA World Cup 2026, and FIFA Women's World Cup 2027 in the Americas.
- Strategic to getting supply in cities
    - Events are a great hook for people with no intention of becoming long term hosts to try it
    - Low commitment, high urgency way to get people to try hosting
    - A number of people continue to host
- Great way to build relationships with policymakers / regulators and increase trust
    - Italy is a very strategic market for Airbnb – have had regulatory challenges in the past
    - Milan hosting Winter Olympics next year
    - They don't have enough housing
    - We were able to make a lot of progress with Italian policymakers because we're partnering with them on the Olympics

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- Working with US, Canada, Mexico for FIFA World Cup in 2026
- This has been a gateway to open relationships to regulators

Experiences

- Over the next year, will focus on attach rate in key cities
  - Really focused on Paris right now – popular destination for U.S. travelers
  - Once we get attach rate up, will give better indication of what's possible globally
- We are managing the quality of experiences even more the quality of homes
  - We vet every single experience on Airbnb before it comes on the platform
    - Think we can do this quite effectively
    - Working with a lot of third-party vendors
    - Built a fairly sophisticated operation to do vetting (profile/identity first)
    - Number of third-party sites we can use for that
    - Important to have the right certifications & licenses
  - Quality is critical to customer satisfaction and building trust with customers
- Doing a lot around testing carousels
  - Experiences tab is merchandised totally different than homes
  - The carousels will get more & more personalized as we know more about customers (where they are coming from, what price homes you're searching for, which experiences recently viewed)
  - Idea is to show high-density amount of experiences you are very interested in potentially booking
- Increasing the touch points
  - If you're on-trip or post-home booking
  - Doing a lot to pull people into seeing the right type of experience on Airbnb
  - If figure out in one city, can immediately roll out to every city
  - Have a team in Paris right now (product dev leaders, designers, engineers)
  - Doing a lot with testing / ranking to figure out how to show ppl the right supply and they book it

Services

- Services is essentially 10 different businesses
- Looking at 1) attach rate in key markets and 2) amount of locals that are booking
- Really focused on trying to crack it in a few key markets
  - L.A. is a focus market
  - Great market to test services in
  - Really trying to build out the catalog of services and increase attach rates
- So far 10% of bookings for services are from locals
  - Think there could be huge oppty for demand of local services
  - i.e. letting a chef of masseuse come to your home when you're not traveling
- Expect this bet to play out over a longer time horizon
- Think services is a significantly larger opportunity than experiences
  - The 10 categories we launched are just the beginning
  - Imagine Airbnb has a catalogue of any service you can imagine
- The holy grail for services is if we could tap into local demand
  - If we can tap into local demand, then it's not an ancillary service, it's a standalone service and there is no Amazon for services.

Experiences & Services

- Services & experiences have avg rating of 4.93 stars (higher than 4.8 for stays)
- Received over 60k applications from potential services & experiences hosts

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- Marketing strategy
  - Think best way to market services & experiences is to market the entire offering
  - This fall, will launch ads that market homes, services & experiences as a bundled offering
  - Think we can get more for our dollar by marketing all of our offerings
- Marketing channels
  - Travel is switching from desktop à mobile and from Google search à social media
  - Social media gradually taking over as #1 place for travel search (from Google)
  - Travel is becoming more inspiration-based than search-based
  - Doing lot more social media native ads – shifting a lot of our advertising from TV to social
  - We can target and know a lot more about the customers
  - We can link (social media ads) to inventory and send them directly to the app
- People like to book services & experiences last minute
  - People often like to book services & experiences when they're on a trip
  - Want to get more people to open our app during a trip, then visit the homepage and browse
  - Helps cross-sell and get more people to book these

Homepage re-design

- Seeing a giant uptick in people booking from the home page on Airbnb
- Major behavioral change from "search box" to "browse and discovery" mode
  - i.e. DoorDash is now more a browse & discovery application
- as hasStrategic goal to get people to engage with our homepage (vs. typing in a destination)
  - We can divert travel to where we have available supply = increase conversion rate
- Seeing more people engaged with the new Trip tab
  - Important because you use this when you're on your trip
  - If we get people to use the app on-trip, have a new point of sale to cross-sell other things
- OTAs have not how to get anyone to scroll on their homepage

US market share initiatives

- Making it easier to use – hundreds of improvements leading to $100Ms of incremental revenue
- Pricing & affordability
  - Total price display has been very successful
  - Exploring different ways to present pricing – moving towards a host-only fee
  - Giving hosts more tools (i.e. new calendar) to make listings more competitive
- Focusing supply growth on most supply-constrained markets
  - Targeting adding supply in those markets
  - We're going to be increasing onboarding of hotels especially in supply constrained markets
- Exploring more diversity of payment options

Hotels

- We will be going significantly more aggressively into hotels
- Indicators of that:
  - 1) HT giving coupon to try Airbnb
  - 2) have explicit effort in top mkts that are regulatory constrained
    - NYC is good example – has been ramping & doing quite well
  - 3) Making investment on platform to make easier for users to know what they're looking AT (i.e. hotel, B&B, etc.)
    - Making sure we have right info relevant for that type of inventory
- We think hotels are really compelling – there will be a lot more to do with hotels on Airbnb

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- Our take rate is very competitive
- We've spoken independents, boutiques, B&Bs
- A huge % of hotels in Europe are independents and they really want incremental travelers
- They would love to have high income American young travelers
- Homes will be the heart and soul of Airbnb
- In top markets during high season, we think hotels would be a great supplement

GenAI

- Lot of companies have chosen the "lower stakes" part of travel – planning and inspiration
- We started with the hardest problem: customer service
    - We built a custom agent on 13 different models trained from 10s of thousands of convos
    - Reduced human agent interaction by 15%
    - Stakes are high: need answers quickly, risk of hallucination is very high
- Next year this customer service agent will become more personalized
    - The AI agent will know which reservation you want to cancel, can cancel it for you, and can start to search and help you plan and book your next trip
- Next year we're going to bring AI into travel search
    - Think you will see Airbnb become an AI-first application
    - Believe the top 50 App Store apps will all be AI apps over the next few years
    - Either start-ups or incumbents that transform into being AI-native apps
    - Airbnb going through the process right now of transitioning from a Generative AI app to an AI-native app
    - Starting with customer service and bringing into travel planning
- Don't think we should think of AI chatbots as the new Google yet
    - The model powering ChatGPT is not proprietary or exclusive to ChatGPT
    - In the coming years, more things will start with these large AI models
    - You will have startups that are custom-built for specific applications
    - It is not enough to just have the best model
    - You have to tune the model and build a custom interface for the right application
- We are certainly open to integrating with AI agents
    - Could potentially be a very interesting lead gen for Airbnb
    - Every Airbnb customer needs a verified identity / account
    - It will not be AI agents / operators booking your Airbnb for you b/c we are not a commodity

Q2 financial results

- Revenue was up 13% (helped by timing of Easter)
- Implied take rate of 13.2% was up slightly YOY
    - Driven by benefit from Easter timing and additional service fee for cross-currency bookings
    - Began charging this additional fee starting in Q2 2024
    - Guest travel insurance remains available in 12 of largest countries
- Adj. EBITDA of $1B was up 17%
- FCF of $1B at 31% FCF margin
- Repurchased $1B of stock in Q2
- Announced a new $6B repurchase program today

Capital allocation strategy: 1) organic growth, 2) acquisitions/partnerships, 3) capital return

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