LSEG STREETEVENTS

EDITED TRANSCRIPT

EXPE.OQ - Q2 2026 Expedia Group, Inc. Earnings Call

EVENT DATE/TIME: AUGUST 05, 2026 / 8:30PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

Rob Bevegni *Expedia Group Inc - Vice President of Investor Relations*

Ariane Gorin *Expedia Group Inc - Chief Executive Officer*

Derek Andersen *Expedia Group Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Eric Sheridan *Goldman Sachs Group Inc - Analyst*

Justin Post *Bank of America Securities - Analyst*

Douglas Anmuth *JP Morgan - Analyst*

Jed Kelly *Oppenheimer & Co Inc - Analyst*

Ken Gawrelski *Wells Fargo - Analyst*

Lloyd Walmsley *Mizuho Securities USA LLC - Analyst*

Deepak Mathivanan *Cantor Fitzgerald LP - Research Analyst*

Mark Mahaney *Evercore ISI - Analyst*

Kevin Kopelman *TD Cowen - Analyst*

Naved Khan *B. Riley Securities, Inc - Equity Analyst*

PRESENTATION

Operator

Good day everyone, and welcome to the Expedia Group Q2 2026 Financial Results Teleconference. My name is Holly, and I will be the operator for today's call. (Operator Instructions)

For opening remarks, I will now turn the call over to VP Investor Relations, Rob Bevegni. Rob, please go ahead.

Rob Bevegni - *Expedia Group Inc - Vice President of Investor Relations*

Good afternoon, and welcome to Expedia Group's Second Quarter 2026 Earnings Call. I'm pleased to be joined on today's call by our CEO, Ariane Gorin; and our CFO, Derek Andersen. As a reminder, our commentary today will include references to certain non-GAAP measures.

Reconciliations of these non-GAAP measures to the most comparable GAAP measures are included in our earnings release. Unless otherwise stated, all growth rates are on a year-over-year basis and any reference to expenses exclude stock-based compensation.

We will also be making forward-looking statements during the call, which are predictions, projections and other statements about future events. These statements are based on current expectations and assumptions, which are subject to risks and uncertainties that are difficult to predict.

Actual results could materially differ due to factors discussed during this call and in our most recent forms 10-Q, 10-K and other filings with the SEC. Except as required by law, we do not undertake any responsibility to update these forward-looking statements. This call is being webcast on the Investor Relations section of our website at ir.expediagroup.com.

A replay will be archived on our site A slide presentation containing financial highlights has also been posted to our website. Starting this quarter, we expanded the presentation to provide additional context on our performance.

For today's call, Ariane will begin with a review of our second quarter results Derek will then provide additional detail on our financial performance as well as our third quarter and full year guidance. After our prepared remarks, we will turn the call over to the operator to begin the Q&A portion of our call.

And with that, let me turn the call over to Ariane.

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Thanks, Rob, and good afternoon, everyone. We had a solid second quarter, delivering strong financial results while making tangible progress on our strategic priorities. We exceeded the high end of both our top and bottom-line expectations for the fifth quarter in a row, growing bookings 12%, revenue 14%, and adjusted EBITDA 23%.

We delivered new product experiences, expanded supply across our marketplace and took an important step in building our one-stop B2B travel shop. Based on our first half results, and the ongoing trends we're seeing, we're raising our full year guidance, and Derek will cover that shortly.

Turning back to the second quarter, consumer spending was healthy, in particular in the U.S. Consumers continue to prioritize travel with longer lengths of stay and longer booking windows, even as air ticket and hotel prices rose. The World Cup generated modest incremental demand late in the quarter.

A lot of bookings happened after the tournament began, a pattern we anticipated, and we're well positioned to capture. Total booked room nights were up 6%, with mid-single digits in the U.S. low single digits in EMEA and low double digits in the rest of the world. Europe remained pressured, particularly outbound travel as macro headwinds and reduced air capacity weighed on demand while APAC rebounded from the disruption related to the Middle East.

Our market-leading B2B team delivered its 20th consecutive quarter of double-digit growth, underscoring the durability and the momentum of this business. Consumer bookings were up 8%, driven by our fastest U.S. growth in 15 quarters. Active loyalty members increased low single digits with faster growth in our higher tiers.

Over the last two years, we've executed on our three strategic priorities: one, delivering more value to travelers; two, investing in our biggest growth opportunities, and three, driving operating efficiency and margin expansion. As a result, we've accelerated our consumer business, expanded margins by four points and more than doubled our trailing 12-month free cash flow over that same period.

We continue to progress these priorities in the second quarter: first, delivering more value to travelers. It starts with product experiences and make it easy for travelers to plan and book their perfect trip. And AI is unlocking new ways to make these experiences simpler and more personalized.

Last quarter, we launched new and updated conversational experiences, introducing natural language search on the Vrbo homepage and updating Property Expert and AI Compare in the hotel shopping flow. Our AI-powered personalization and recommendations keep getting smarter across all three of our consumer brands.

On Expedia, our fastest-growing brand, this translated into another quarter of record attach rates. So travelers are getting even more value from booking their trips with us. Traveler value also comes from having the best assortment and price and we recently achieved a few big milestones. In July, we became the first OTA to distribute Allegiant flights and achieve full coverage of U.S. commercial airlines.

This partnership further reinforces our position as the most complete travel marketplace in the U.S. On lodging, we expanded our supplier-funded promotions. More than 40% of Vrbo bookings last quarter included partner-funded offers, and our May sale was the first campaign to exceed $1 billion in bookings for participating properties.

These are clear proof points of the strength of our two-sided marketplace where travelers get better value and our supply partners capture incremental demand across rooms, seats and cars. Turning to our second pillar, investing, where we see the greatest opportunity to drive growth.

In our consumer business, our sharper measurement and targeting capabilities are allowing us to invest in the highest return opportunities and leverage our marketing spend. We're investing in newer surfaces like AI and social platforms where more consumers are starting their trip planning. AEO and social are two of our fastest-growing channels.

And while agented traffic remains small, it's a promising channel with high purchase consideration. We're deepening our partnerships with leading AI platforms. And during the quarter, we're an early adopter of ChatGPT's latest ad product and expanded our work across Google's newer AI services.

And last week, we announced the acquisition of Layla, an AI conversational planning app, allowing us to capture new types of travelers while bringing learnings into our core business. Finally, in B2B, alongside investing in our existing partnerships, we continue building toward our vision of a one-stop travel shop for partners.

And in May, announced our intent to acquire CarTrawler -- the leading B2B car rental and insurance platform. Moving to our third pillar, driving operating efficiencies and margin expansion. We expanded margins by nearly two points in the quarter, driven by tight expense management and the consumer marketing leverage I just mentioned.

Importantly, we're continuing to deploy AI to innovate faster, and operate more effectively. On Vrbo, we launched an agentic voice solution to support partner inquiries previously handled by human agents. Early results are promising with faster resolution and lower contact propensity. More broadly, our agentic technology stack is allowing us to design and ship products faster, ultimately unlocking new capabilities for both travelers and partners.

As we scale these capabilities, we're managing token costs thoughtfully while giving broad access to our team. In closing, we delivered strong second quarter results and are raising our full year outlook. I want to thank our teams for their hard work and our partners and travelers for their continued trust in us.

With that, I'll turn it over to Derek.

Derek Andersen - *Expedia Group Inc - Chief Financial Officer*

Thank you, Ariane, and good afternoon, everyone. I've had an exciting first quarter as part of the Expedia Group team and look forward to engaging with you all in the quarters ahead. Before I walk through our financials, you'll see that we've expanded the earnings presentation this quarter to provide additional details and an easier to access format.

I'll focus my remarks here on the headline financials and guidance, so we can get to your questions a little faster. Our second quarter performance exceeded the high end of our guidance, reflecting a healthy macro environment, continued momentum in our B2B segment, improved consumer marketing returns and ongoing cost discipline.

Gross bookings increased 12% year-over-year, and this was driven primarily by 6% room night growth as well as 5% ADR growth on an FX-neutral basis. Revenue increased 14%, which exceeded our expectations entering the quarter. Foreign exchange was a tailwind for the business, contributing nearly half a point of bookings growth and four points to revenue growth.

Adjusted EBITDA was $1.1 billion in Q2, representing a margin of 25.9%, which is an improvement of nearly 2 points compared to the prior year. The margin expansion was driven by a combination of cost efficiencies, consumer marketing leverage and the flow-through of higher volume.

Adjusted EPS grew 36% year-over-year, which reflects strong earnings growth as well as the accretive impact of share repurchases over the past year. We continue to generate strong free cash flow, which reached $4.5 billion on a trailing 12-month basis, and this has fueled the return of capital to shareholders.

During the quarter, we repurchased roughly 880,000 shares for $200 million at an average price of $226 a share. This brought our year-to-date share repurchases to $900 million, which is roughly in line with the first half of last year. Our capital allocation priorities remain unchanged, including investing organically in the business, pursuing disciplined M&A in support of our strategic priorities and returning cash to shareholders in the form of dividends and opportunistic share repurchases.

For our third quarter outlook, we expect gross bookings of $32.2 billion to $32.8 billion, representing growth of approximately 5% to 7% year-over-year. This assumes the growth in bookings and room nights moderates relative to Q2, reflecting tougher comparisons as we lap faster growth in the second half of last year and an estimated one point FX headwind at current rates.

We expect revenue of $4.65 billion to $4.75 billion, representing growth of approximately 5% to 8% year-over-year including an estimated one point FX benefit at current rates. We expect adjusted EBITDA of $1.51 billion to $1.56 billion, implying a margin of 32.5% to 32.8%.

Margin expansion is expected to moderate in Q3 due to the lapping of prior year cost actions, ongoing investment in B2B growth and unfavorable net FX impacts. We expect the pace of margin expansion to improve in Q4 as some of these pressures ease and as we continue to drive operating efficiency across the business.

Based on the strength of the first half and our assumptions for the third quarter, we are raising our full year guidance. We now expect gross bookings of $129.5 billion to $130.8 billion, representing growth of 8% to 9% and revenue of $16.05 billion to $16.22 billion, representing growth of 9% to 10%.

Our guidance continues to assume foreign exchange tailwinds of approximately one point for gross bookings and two points for revenue. We are also raising our margin guidance for the full year and now expect adjusted EBITDA margin expansion of 150 basis points to 175 basis points versus last year.

With that, let's open the line to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Eric Sheridan, Goldman Sachs.

Eric Sheridan - *Goldman Sachs Group Inc - Analyst*

Maybe just one building on the prepared remarks. I would love to go as deep as you're willing to go on how are you thinking about the interplay between AI-native channels away from the platform, some of the efforts you're making to build AI solutions that are consumer-facing on the platform and traditional advertising channels as -- in terms of thinking about driving return on ad spend and conversion over the medium to long term?

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Sure. I'll take that. So I'll start with what we're doing in our product. And I really think about it sort of in two categories. There's what are we doing with AI in our product right now that is delivering results in our core business.

And then the second is what are we doing in our product that's not necessarily delivering conversion right now, what we know is helping us better understand travelers, and is going to have compounding benefits over time. So in that first bucket, it's using AI for better recommendations for better ranking for personalizing the UX and the content.

And there, we are seeing immediate impacts, and it's not only just improving conversion, but you can imagine, as we're getting traffic, whether it's direct traffic or paid traffic, that is improving. In addition, I would say just as an aside, is all the work we're doing in using AI in our technology teams in order to increase our cycle time is allowing us to innovate a lot faster.

So that's what we're doing in the product to increase conversion now. Also in the product, we're introducing these natural language experiences like Vrbo natural language search on the homepage or these agents like Property Expert or AI Compare. Those are not driving conversion right now.

But what we're finding is that you get over 60% more information about traveler intent and that allows us to deepen the relationships with traveler. And over time, I believe that that's going to drive sort of deeper conversion. So that's what we're doing in our product. I also believe there's a big growth opportunity in getting access to travelers who are starting outside of our brands in these AI experiences.

As a reminder, two third of our bookings in our consumer brands come direct. But of the third that is coming through paid channels, obviously, AI experiences, whether they are with ChatGPT or Claude or Google's new experiences are new opportunities for our brands to show up there.

It is early days. I would say that's an area that's fast moving. The algorithms, the search UXs, all of that is moving really quickly. And so we're staying close to it and vigilant we are testing and participating everywhere that things are evolving.

And I see that over time as opportunities to bring more travelers into our business. There's a lot of complexity of how do you understand what the prompts are so that you can land them well in our product. But again, I see that as a big opportunity.

Operator

Justin Post, Bank of America.

Justin Post - *Bank of America Securities - Analyst*

A couple. Just on the B2B side, there could be some more competition coming down. Could you talk about the advantages you offer your partners and also the stickiness of the contracts that you have? And then obviously lapping some of really good marketing efficiencies that started in the third quarter. How do you think about the potential for further marketing efficiencies from here? Thank you.

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Sure. Well, I'll take the first one and then I'll hand it over to Derek for the second one. The thing about the B2B space is, it's always been competitive. I've been in it for over a decade, and it's always been a competitive space. The good news is there's a very large addressable market for B2B partners.

When I think about what we bring to the table, obviously, we have great supply and content strong technology, really great servicing, great partner accompaniment sort of as we think about the integrations. So obviously, I'm not going to talk about individual partners, but some relationships are exclusive, some are not exclusive.

My view is we have to be proving day in and day out to our partners that they can trust us to build their business on top of us. I think it's been important for us for many years that it's a stand-alone business, a stand-alone P&L that has resources that it can invest on its own.

And I'm excited about the investments we're making to build out the one-stop shop value proposition so that we can offer all components that a partner might need to build their travel program and that was the announcement of CarTrawler this quarter, the acquisition we did of Tiqets. It's really so that we can have that complete one-stop travel shop from supply to technology to servicing and beyond.

Derek Andersen - *Expedia Group Inc - Chief Financial Officer*

Justin, as it pertains to the contribution of marketing to the operating leverage and margins overall, you're right, we did make substantial progress over the last year in terms of driving margins. And we are going to begin lapping that in the second half of the year.

We had the substantial reductions in marketing spend and driving out inefficient spend but also redirecting spend to more productive channels, and that's been a big contribution over the last year, and you can see that in the margins. We also made progress on overhead as well. So it's a broader picture than just marketing.

As we go into the third quarter and the quarter ahead in the second half of the year, we will begin lapping those things. However, the structural improvements that we've made on the marketing program are going to endure and give us a base to drive further efficiencies off going forward. We've also continued to make incremental progress on the rest of the cost structure.

And I'd just point to the fact that overheads were flat year-over-year in the most recent quarter, even as revenue rose 14%. So we're committed to continuing to drive our strategic pillar of operating efficiency and scaling up margins as we go forward. And I think you'll see that reflected in the update that we made to the full year guide where we took the EBITDA margin expansion range up to 150 basis points to 175 basis points for the full year.

Operator

Doug Anmuth, JPMorgan.

Douglas Anmuth - *JP Morgan - Analyst*

I have two. Can you just talk about how some of your views just around geos have changed over the past few months? In particular, you mentioned Europe remains pressured, especially outbound and then also what you're seeing with APAC, given some of the rebound there from the Middle East disruption.

And then Derek, you could also just kind of walk through some of those back half dynamics on margin expansion where you talked about moderation in 3Q and then stronger 4Q.

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Sure, I'll take the first part and then Derek can take the second one. Just in terms of the geo trends, and the good news is we have a geographically balanced business. Certainly, our consumer business is two third in the U.S., one third outside of the U.S. and our B2B business is really the inverse. But we have supply that is able to respond to whatever the traveler demand is.

Obviously, we're going to lean in more where we see the most demand and so where we see the greatest returns. My view is what we've always seen is over time, demand rebounds sort of across the world. So we'll take advantage when there's strength in one geo versus another, but we have a long-term North Star with continuing to grow our business in the areas we're strongest and then identifying some geographies where our consumer brands have relevance but haven't yet in our mind, gotten to our fair share.

Derek Andersen - *Expedia Group Inc - Chief Financial Officer*

And then I mean pertains to the go-forward margin side of things. Number one, I would reiterate we remain committed to our strategic pillar of driving operating efficiency and expanding margins over time. In Q3 specifically, there are a few factors that will weigh on the margins in the very near term.

One, as you mentioned, that we're going to lap some very substantial reductions in the cost structure from a year ago. That will weigh a little bit on the margins in the near term. The other is we'd also made progress, not just on marketing, but overheads there. And then we have some FX net headwinds that will impact us in Q2, three that are really a factor on the margin as well.

That said, if you look at what I shared earlier about the update to the full year margin expansion guidance of 150 basis points to 175 basis points that implies that in Q4, at the midpoint, we'd be expanding by about 50 basis points there.

So that we'll see some of the pressures that are specific to Q3 ease there, but we'll also see the ongoing benefits of our efficiency initiatives continue to build over time. So the margin expansion won't always be perfectly linear, but it is a very important part of the strategy and something that we're committed to continuing to drive out.

Operator

Jed Kelly, Oppenheimer & Co.

Jed Kelly - *Oppenheimer & Co Inc - Analyst*

Great. Just circling back on B2B, getting a lot more investor questions just on competition. Can you just talk about where we are in the competitive landscape? And just on a follow-up on B2B, it seems like that overhead expense increased a decent amount in the B2B segment. Was there anything there to call out?

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

I'll talk about sort of competition. Look, as I said, it's a big target addressable market. If you think about the travel business, it's over $3 trillion. If you exclude sort of hotel airline direct and the three big OTAs, there's still a lot of space there.

So for us, we just look at whether it's in offline retail, other online travel agents, loyalty programs, corporate travel agencies, where are all of the places that people are looking for when they look to travel beyond our core consumer brands, and how do we make sure that we're showing up?

Well, I think competition forces you to be better, whether it's to do better with having more service offerings, having better service levels and the like. So our focus is just making sure that we've got a great value proposition.

And in fact, Derek can talk about it, but I assume some of the expense you're seeing is related to the build-out of are additional lines of business because that business today is very lodging focused. We do sell other lines of business, but over time, we want to become that one-stop travel shop.

Derek Andersen - *Expedia Group Inc - Chief Financial Officer*

Yes. Jed, I mean, first, in terms of the margin point, Ariane is exactly correct. There's investments going into the B2B segment to drive that one-stop shop and build out our lines of business. And one aspect of that is that we had the digestion of Tiqets in that acquisition in Q2.

And so that would weigh a little bit on the cost that you're seeing -- the other is a little bit of the geography of the FX hedging and where that shows up in the P&L, and you're seeing a little bit of that show up on that line item and impacting the margin, as you pointed out. So hopefully, that context helps.

Operator

Ken Gawrelski, Wells Fargo.

Ken Gawrelski - *Wells Fargo - Analyst*

Two, if I may, please. First, could you maybe talk about your approach to the marketing landscape. There's been some changes on the search side, and SEO has been called out from by many companies in the kind of consumer landscape. Could you just talk about what you're seeing there first maybe?

And then second, if I may, as you think about your second half outlook, maybe -- and I apologize if I may have missed this, but could you talk about your outlook for ADRs and maybe the environment might be as we think about the difference between bookings and nights growth.

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Sure. I'll take the first one, and then Derek can take the second one. When I think about organic traffic, and I'm going to buck it together SEO and AEO. For us, organic search traffic is stable to slightly up. Now as I mentioned in my prepared remarks, AEO is one of our fastest-growing channels.

And SEO has remained a bit soft, but it stabilized over the last few quarters, and I think it's due to the great work that our team has done. A number of quarters ago, we organized a small team to look at organic across the board, AEO and SEO, and they've increased testing velocity both sort of technical and content they've been doing -- as I said, they've been doing more tests.

They've been using AI across the board in order to improve our performance in that channel. Now that being said, as I said earlier, it's a fast-changing space. We're seeing algorithms and search page changes more prevalent and happening faster than they have in the past, which is why we're staying vigilant.

We're monitoring. We're reacting to them. Today, we think we're getting at least our fair share. But organic is an important thing to us. So we're making sure that we're staying on top of it.

Derek Andersen - *Expedia Group Inc - Chief Financial Officer*

And in terms of the second half guidance on bookings and so on, we're assuming that the healthy demand trends that we have seen through Q2 and to begin Q3 here persist. And that's led by a particularly strong U.S. and domestic market. We do, of course, see an environment where the conflict in the Middle East is having some impact.

The sort of direct impacts in that region, our business there is relatively small. And so the impact is lighter, However, there are secondary impacts impacting jet fuel prices, which have an impact on airline prices and ticket prices. So there are some secondary impacts, but the strength overall and the resiliency in the travel market and consumer is continuing to prioritize travel has led to a relatively resilient environment.

And so we that informs our guide for Q3 and the updates we made to our full year guidance. As it pertains to bookings and room nights specifically, we do have much tougher comps in the second half of the year. And so we've incorporated that into the guide for Q3 and the update that we've made for the full year.

So we do expect the growth rates to decelerate as we see those comps, although probably more so on the bookings side, a little less so on the room night side, but we will face much tougher comps on both of those numbers.

Operator

Lloyd Walmsley, Mizuho.

Lloyd Walmsley - *Mizuho Securities USA LLC - Analyst*

Derek, great to be interacting with you again in the new forum. I wanted to just get your sense of anything that surprised you the most? Or where do you see the most opportunity as you dive into a new business was the first one. And then just second one, as you all look at the AEO channel, it sounds like it's more meaningful for you all and growing faster than what some of your peers are seeing.

Is there anything you can sort of elaborate, do you think it's a bigger consumer activity in the U.S.? Or you guys are just sort of approaching it in a unique way -- and is it -- do you think it's likely to be meaningful anytime soon? Anything more you could help us understand would be great.

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Why don't I start with that one and then I'll -- Derek can take your first question. Look, AEO, it's still a small channel. As I said, it's one of our fastest-growing channels. I believe we were early in organizing ourselves around it and understanding not only what visibility were we getting in sort of in prompts and answer and AI search but also how do we make sure we're getting the right visibility.

And it's a combination of work we're doing in our brands, the brand value proposition is obviously a lot of technical work. What I find exciting about it is it's changing really quickly. It's figuring out how do we make sure our brands show up either completely organically?

Are there opportunities with these connectors or micro apps, for example, in Claude and ChatGPT -- it's fascinating to see there are some cases in which we can control a bit more what the interface is where our brand shows up and others where we can't.

So I think it's sort of -- it's too early to declare anyone's getting a lot more versus less. I can just tell you that we have a team focused on it and that it's not just the technology of it. It's also all the work we're doing on our brand value propositions on making sure that we have great full and complete content and making sure that travelers understand that when they come to Expedia or Hotels.com or Vrbo, they're going to get a complete shop.

They're going to get a loyalty program. They're going to be able to have payments in all different currencies. Just it's really that full value proposition that we need to make sure it comes through.

Derek Andersen - *Expedia Group Inc - Chief Financial Officer*

And Lloyd, it's great to be engaged with you and your team again as well. Before joining Expedia, I'd say that I was really excited about what I saw and the opportunity in the travel market. It's the scale of the industry is immense and so the total opportunity set is huge.

But for this business specifically, I was excited about the leading consumer brands in some of the most important markets in the world and the opportunity for us to continue to grow beyond that. And then the B2B business as a leading B2B platform in the world as well. It gives the business a lot to work with.

And then I spent a lot of time looking at how well the team has executed over the last couple of years, and the results that they've been able to drive to build momentum in the business is really impressive. So that was exciting coming in. I think that -- what's more exciting is that after a couple of months in the building and working with the team, most of what I hope would be true on the way in the door has proven to be true.

I'm particularly pleased with the quality of the team here, and the consistent focus on operational execution. And I think probably the last thing I'd mention is just that it's exciting how much of the -- of what lies ahead of us in terms of opportunity is something we can capture through our own execution and scaling this business efficiently. And so I'm excited to dig in with the team and capitalize on that.

Operator

Deepak Mathivanan, Cantor Fitzgerald.

Deepak Mathivanan - *Cantor Fitzgerald LP - Research Analyst*

This is Cameron on for Deepak. Just one quickly on B2C. It seems like there's some nice margin expansion there this quarter. Can you just give us some more color on the drivers of margin expansion here -- what does the revenue look like into '27?

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

So as you rightly say, we had nice margin expansion. We grew our bookings 8% and while leveraging marketing spend, which was only up 1%. And that came from our fastest U.S. growth in 15 quarters and a healthy environment. I would say it came from really pulling on all of the levers of the marketplace improvements in the product, whether that's recommendations, ranking improvements all along the funnel, for example, optimizing the checkout in Vrbo.

It came from growth in our supply footprint as I said, the May sale was a record-breaking sale for us, making sure that travelers know that when they come, they're going to be able to find what they're looking for driving attach in supply. The performance of our top-tier loyalty members. So silver and above did really well, both in bookings and then also in retention.

And then in marketing, as you saw, yes, we've had good marketing leverage. And it's not just that measurement that allows us to better understand incrementality and returns. The team is also doing some really fantastic work around using technology to be more effective.

They're developing these agentic systems to create personalized ads at scale, both using our technology and using third-party technology -- and I look at it. And of course, I see all of the areas that we can do better, but I also see so much good work that the team is doing, and I'm just really pleased to see that margin expansion.

Operator

Mark Mahaney, Evercore ISI.

Mark Mahaney - *Evercore ISI - Analyst*

Okay. Two questions, please. One on advertising revenue. Just an update on the traction you're seeing there. And I think over time, you've been trying to thoughtfully roll out advertising revenue to more surfaces like Vrbo like so just an update on that.

And secondly, I think you touched on it briefly, but the impact of World Cup in Q2 and Q3, was it material at all to Expedia?

Derek Andersen - *Expedia Group Inc - Chief Financial Officer*

Hi Mark. On the advertising business, growth was stable relative to Q1 and Q2. As we look at the future growth opportunities for the business, we see a lot of opportunity to sustain healthy growth there. Some of the drivers you pointed out, more geographical reach, extending our existing ad solutions into our B2B and Vrbo business lines, and then also monetizing on more areas of our sites.

On Vrbo specifically, it's very early there, but we are excited about the opportunity to build on that over time, but it's early. And we're -- we've got a new leader there also, and this is a business that I'm personally familiar with. So I'm excited to dig in with them and help build this out overtime.

To your question on the World Cup, as Ariane mentioned in the prepared remarks, we did see bookings related to that come in late. And the impact of that on the quarter was relatively modest overall. We saw it show up more in ADRs than we did in room nights and the impact of the quarter overall from a bookings perspective was modest.

Operator

Kevin Kopelman, TD Cowen.

Kevin Kopelman - *TD Cowen - Analyst*

Could you just give us some more color on how you've seen the U.S. and Mexico trips progress as we've gotten further away from the security incident that you called out last quarter.

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Yes. I would say we've seen a normalization. I think that's we've seen a normalization.

Kevin Kopelman - *TD Cowen - Analyst*

Okay. Great. And also, could you just touch on B2B sales and marketing. It looks like that ticked down year-over-year course time since you started disclosing that. What are the key drivers there? And how are you thinking about the second half?

Derek Andersen - *Expedia Group Inc - Chief Financial Officer*

Sure. On B2B margins, first, just we're really pleased with what we're seeing in the growth in that business in the very immediate term, the big drivers on B2B margins include partner mix and the pace of our own investments in the long-term growth of that business.

So on partner mix, we've continued to see strong partner promotional activity -- we saw that in Q1, it persisted throughout Q2. And so that's a big driver that some of our larger partners are active in that space. In addition, we are prioritizing the growth of that business long term, given how significant the opportunity is.

And so we're investing in building out and/or acquiring in the case of Tiqets, new lines of business to support our one-stop travel shop enhancing our product capabilities to better support our existing partners and also in our partnership and sales to grow our partner base. We have over 70,000 partners today but looking to grow that and through lines of business to deepen our partnerships and business over time.

And that's shaping the drivers of the business in the near term, both from a mix and margin perspective. Hopefully, that gives some context. I would just reiterate we can invest and continue to make progress on margins. And if you think about our strategic pillar around efficiency and margin expansion, we're committed to that and are driving that across the business.

Operator

Naved Khan, B. Riley Securities.

Naved Khan - *B. Riley Securities, Inc - Equity Analyst*

Great. Two questions from me. One, Ariane, you mentioned you're seeing good attach rates in Expedia. And maybe just talk about what are the products that are seeing the most attach rate where you're seeing the most success -- and then the second question I had is just around the Uber partnership.

Any early read or any color you can share in terms of how that's rolling out? And any -- what are you contemplating in your guidance in terms of contribution from this new partnership?

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Sure. I'll take the second one first because it's going to be quick, which is we don't comment on individual partners. So I'm not going to comment and it's not going to be material to our guidance. On the first point, on attach, it really depends on does the trip start with a flight in which case, we're more likely to attach a lodging a hotel or a vacation rental or a color.

Does it start with a hotel, in which case we might attach a car or insurance. And actually, part of what's behind the record attach rates is the personalization we're able to drive by understanding what is the next best thing to recommend to a traveler if they -- as I said, if they've taken a flight.

They've already booked a flight and it's in a certain destination, we might know, actually the next best thing to propose as a hotel and it's one of these three properties or it can be based on the trip and information we have on the trip or it can be based on what we know about that traveler.

And the team has really been honing in and optimizing those recommendations. In addition, they've done a great job really optimizing the UX and the design, figuring out where it is that we put the attached messaging, where is it in the app? Where is it in the post-sale communications. So it's really a combination of all of the above.

Naved Khan - *B. Riley Securities, Inc - Equity Analyst*

Maybe just to kind of drill into that, what kind of ahead in terms of continuing to drive the task rate higher? Where are we in the innings.

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Yes. So I would say there's still quite a bit of runway. We have good stats that tell us of people who book on trip element with us how likely are they to have another trip element somewhere else? And without going into what exactly those numbers are, I certainly see additional runway to have more multi-item trips. Even if I believe right now, we're best-in-class, but there's still upside ahead of us.

Operator

We have reached the end of the Q&A session. I will now turn the call back to Ariane Gorin for closing remarks.

Ariane Gorin - *Expedia Group Inc - Chief Executive Officer*

Well, thank you all for joining our call. Thank you for your questions. As you saw, we delivered strong results ahead of our expectations as consumers continue to prioritize travel. As we look ahead, we remain confident in our strategy and our ability to execute and drive long-term value for travelers, partners and shareholders. And finally, a big thank you again to our team.

Operator

This concludes today's call. You may now disconnect your lines. Have a nice day.