



TripAdvisor, Inc.

Q4 miss and tempered 2022 outlook. Outlook is improving with travel industry rebound and possible spinoffs. Raising P/T to \$42.

COMPANY UPDATE

Rating: BUY

Ticker: TRIP

Price: \$26.28

Target: \$42.00 (from \$40)

Q4 miss: TripAdvisor recently (on February 16) reported its fiscal Q4 2021 results. Revenue was \$241 million (+108% y-o-y), compared with our estimate of \$259 million and consensus of \$250 million. Pro forma EPS was \$(0.01), compared with our estimates of \$0.10 and consensus of \$0.09. Q4 guidance was for revenue of ~\$238 million.

Improved Q4: Its core hotel revenue was \$133 million (+80% y-o-y) and Experiences & Dining was \$98 million (+172% y-o-y) and both have rebounded strongly from Q2 2020 when the pandemic lockdowns started. Q4 revenue was 72% of Q4 2019's, about flat with Q3's 71% as Omicron weighed in Q4, particularly late in Q4.

Travel is rebounding: Since the lows in April 2020, the company has seen continual modest improvement in travel. The company continues to expect a steady (though may be bumpy at times) return to normal/pre-pandemic levels.

Omicron impact: The company had deceleration in Q4 as the Omicron of COVID-19 spread significantly (and caused some renewed lockdowns), but results have now largely recovered.

2022 tempered guidance: The company provided qualitative guidance for Q1 revenue of "likely a bit higher" than Q4 2021's ~\$241 million as Omicron weighed in early Q1 (though it has improved later in Q1).

Lowering estimates: We are lowering our 2022 estimates for revenue to \$1,236 million, from \$1,265 million, and for EPS to \$0.67 from \$0.95.

PLUS launch slowly progressing: In June, the company rolled out Plus (\$99 per year subscription fee for its travel savings program) to 100% of its U.S. consumers and remains optimistic for its long-term subscription opportunities. The company noted that uptick by consumers are slower than it expected.

Major cost cuts improves profitability: In April 2020, due to the rapid decline of its business due to the coronavirus, the company initiated significant costs reductions. The company achieved over \$200 million in fixed costs savings in 2020 vs. 2019 and expects most of these savings will continue in 2022.

Economies reopenings: Like all other travel services providers, TRIP had material negative impact from the recent coronavirus pandemic. However, with pandemic impact waning over time since the initial outbreak in March 2020, we believe TRIP is close to returning to normalized business in 2022. The company expects increased consumer confidence and pent up demand to drive a rebound in the travel industry over the next several years.

Spinoffs: The company announced that it will evaluate strategic opportunities related to Viator and TheFork (its E&D Segment) including a potential sub-IPO.

Long term positive: We believe that TRIP's overall long term positive thesis remains intact (even if near term results are still weaker). We believe that execution of its long term plan, unlocking strategic value, a strong rebound/long term travel industry, and a positive long-term growth outlook bodes well for its share price to increase longer term.

Valuation attractive: Maintaining our BUY rating, but raising our 12-month price target to \$42 from \$40, which reflects a forward P/E of ~25x our 2024 EPS estimate of \$1.68. This P/E multiple is about inline with online travel companies to reflect our expectations for normalized earnings growth similar to its peers over the near term.

Company Description

Based in Needham, MA, TripAdvisor is the world's largest online travel review company with information and opinions about destinations, accommodations, restaurants, and activities throughout the world.

United States
Internet Software and Services

March 27, 2022

Edward Woo, CFA
(949) 259-4932
ewoo@ascendant.com

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$20.25 – 57.69
Shares Outstanding (million):	138
Market cap (\$million):	\$3,627
EV (\$million):	\$3,553
Debt (\$million):	\$833
Cash (\$million):	\$907
Avg. Daily Trading Vol. (\$million):	\$77
Float (million shares):	90
Short Interest (million shares):	12
Dividend, annual (yield):	\$0 (NA%)

Revenues (US\$ million)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	252E	230E	303E	
Q2 Jun	337E	341E	394E	
Q3 Sep	364E	384E	400E	
Q4 Dec	283E	311E	318E	
Total	1,236E	1,265E	1,415E	
EV/Revs	2.9x		2.5x	

Earnings per Share (pro forma)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	(0.15)E	(0.16)E	(0.07)E	
Q2 Jun	0.13E	0.19E	0.26E	
Q3 Sep	0.46E	0.58E	0.61E	
Q4 Dec	0.23E	0.32E	0.34E	
Total	\$0.67E	\$0.95E	\$1.15E	
P/E	39x		23x	

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 10.

OVERVIEW

- TripAdvisor recently (on February 16) reported its fiscal Q4 2021 (ending December) results.
- Revenue was \$241 million (+108% y-o-y), compared with our estimate of \$259 million and consensus of \$250 million.
- Pro forma EPS was \$(0.01), compared with our estimates of \$0.10 and consensus of \$0.09.
- EBITDA was \$29 million (vs. \$(33) million y-o-y), compared with our estimate of \$51 million.
- Q4 guidance was for revenue of ~\$238 million as Q4 revenue as a percent of 2019's to not "show a meaningful improvement versus Q3" of -29% (vs. Q3 2019).
- The company provided qualitative guidance for Q1 revenue of "likely a bit higher" than Q4 2021's ~\$241 million.
- We are lowering our 2022 estimates for revenue to \$1,236 million, from \$1,265 million, and for EPS to \$0.67 from \$0.95.
- We are initiating our 2023 estimates for revenue of \$1,415 million, and for EPS of \$1.15.

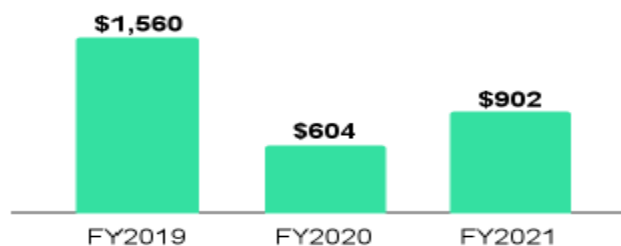
ADDITIONAL DETAILS

- Hotel revenue was \$133 million (+80% y-o-y), Experiences & Dining was \$98 million (+172% y-o-y), and Other was \$10 million (+67% y-o-y).
- Hotel EBITDA was \$30 million (vs. \$(12) million y-o-y), Experiences & Dining was \$(10) million (vs. \$(22) million y-o-y), and Other was \$9 million (vs. \$1 million y-o-y).
- Gross profit for the quarter was \$221 million, compared with our estimate of \$236 million.
- Gross margin for the quarter was 92%, versus 89% last year and our expectation of 91%.
- Operating expenses were \$249 million, versus our expectation of \$246 million.
- Operating loss was \$28 million, versus our expectation of a loss of \$10 million.
- Pro forma net loss was \$1 million, versus our expectation of income of \$14 million.
- In November, the company announced that its co-founder and long-time CEO, Stephen Kaufer, will step down from his CEO position of TripAdvisor in 2022. No specific details or timeline were provided and there has been no update on this.
- The company just announced that it will evaluate strategic value opportunities related to Viator and TheFork (the bulk of its Experiences & Dining (E&D) Segment) including opportunities with industry participants as well as independent opportunities, including a potential sub-IPO, which would involve selling a minority stake of the Viator business to the public market.
- TripAdvisor recently submitted a confidential draft S-1 registration statement with the U.S. Securities and Exchange Commission related to its proposed initial public offering of Viator. In parallel, the company is also assessing options to drive value recognition at TheFork though this is at an earlier stage than Viator.

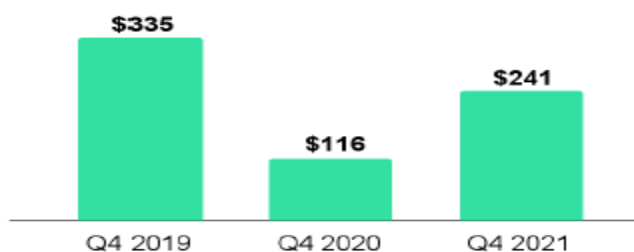
The company's balance sheet remains solid with \$907 million in cash and \$833 million in debt (~\$1 in net cash per share), compared with \$856 million in cash and \$832 million in debt in September.

Exhibit 1: TripAdvisor's Metrics (2020/2021 vs. 2019)

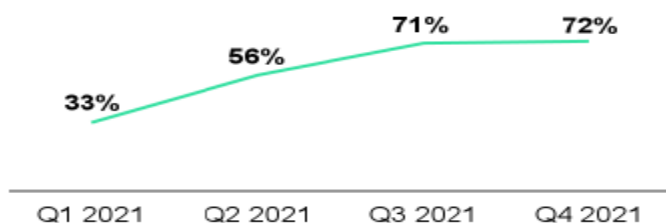
Annual Revenue (\$M)



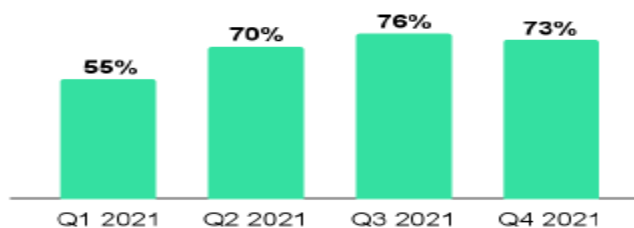
Q4 Revenue (\$M)



Quarterly Revenue as a % of 2019



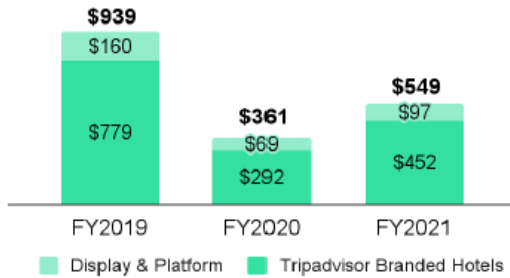
Average Monthly Unique Users as % of 2019 (per Tripadvisor log files)



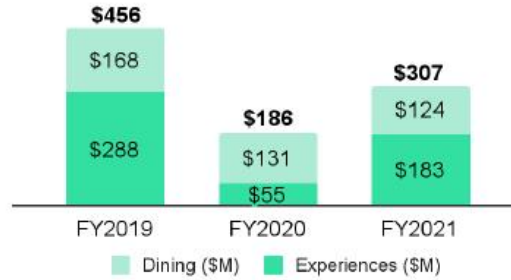
Source: Company report.

Exhibit 2: Segment Metrics (2020/2021 vs. 2019)

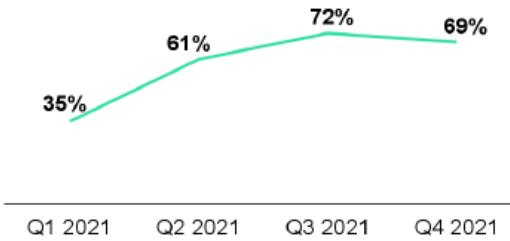
Total HM&P Revenue (\$M)



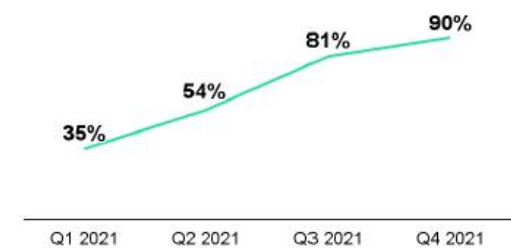
E&D Revenue



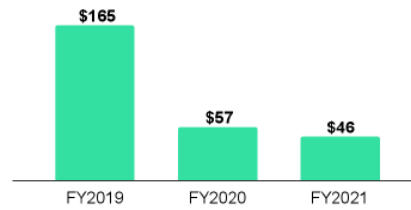
HM&P Revenue as % of 2019



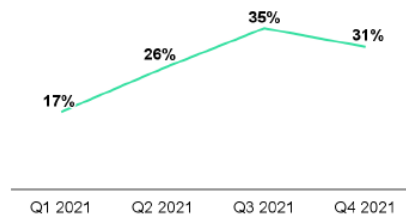
E&D Segment Revenue as % of 2019



Other Revenue (\$M)



Other as % of 2019 Revenue



Source: Company report.

Exhibit 3: Q1 and 2022 Outlook and Guidance

rear-view mirror faster and we see a robust travel recovery. Our high-level framework for 2022 is as follows:

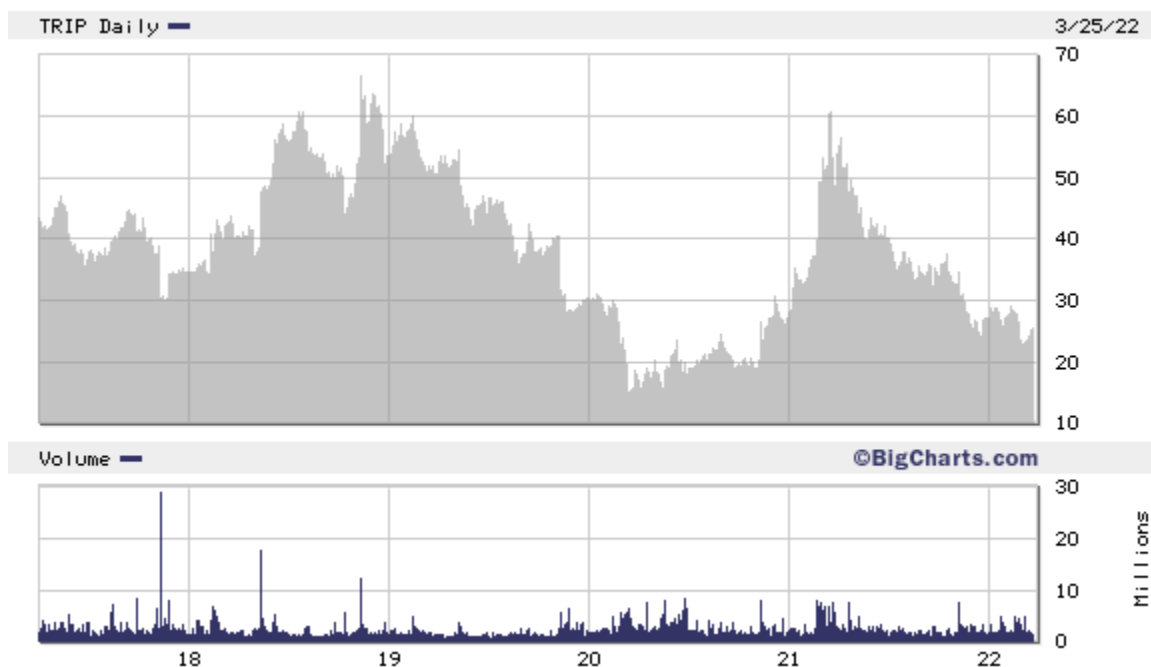
- We are bullish about travel prospects in 2022. We expect to see a continuation of the return to relatively normal levels of leisure travel spend, with the potential of a release of pent-up travel demand beyond normal levels. Although the start of the year has been impacted by Omicron, we assume a progressive return to pre-pandemic levels of the leisure travel market at some point later this year.
- In HM&P we expect our adjusted EBITDA margin to improve meaningfully versus 2021, by adding only modestly to our fixed and discretionary costs. We expect lower variable expense as a percent of revenue versus 2021, although for the whole year, variable expense as a percent of revenue will still be higher than in 2019 as the business recovers.
- In Experiences & Dining we expect to invest in fixed and discretionary costs to fund aggressive multi-year growth plans, although as a percent of revenue the cost is expected to be lower than in 2021. We are also continuing our investment in longer term ROI marketing, with variable cost as a percent of revenue likely to be similar to 2021. With high revenue growth rates versus 2021 and absolute revenue expected well above 2019, we expect these cost trends to result in improving EBITDA margin vs 2021, but likely below 2019 margin levels as we continue to focus on growth over near term profitability.
- Given the travel market improvement trajectory, we expect consolidated adjusted EBITDA to be back-end weighted.

At the start of the year, we saw an impact from the Omicron variant, but more recently have seen signs of improvements—and while still early, we are hopeful these trends continue. Given this, for Q1 2022, we expect:

- Consolidated revenue to be in line with Q4 2021, likely a bit higher.
- Adjusted EBITDA margin of mid-to-high single digit percentage, lower than Q4 due primarily to typical seasonally lower recognition of revenue versus bookings and its associated marketing spend in Experiences in Q1, and an expense benefit in Q4 that we don't expect to repeat in Q1.

Source: Company report.

Exhibit 4: TripAdvisor Stock Price (5-years)



Source: <https://bigcharts.marketwatch.com/>

Exhibit 5: Consensus Expectations (as of February 17, 2022)

	Revenue (mil)			EPS	
	2021E	2022E		2021E	2022E
Q1 Mar	\$123A	\$297E	Q1 Mar	\$(0.39)A	\$0.12E
Q2 Jun	\$235A		Q2 Jun	\$(0.07)A	
Q3 Sep	\$303A		Q3 Sep	\$0.16A	
Q4 Dec	\$250E		Q4 Dec	\$0.09E	
Total	\$911E	\$1,379E	Total	\$(0.22)E	\$1.26E

*Quarterly estimates may not add to annual estimates due to variations in contributing estimates and rounding.

Source: Company report, Refinitiv, and Ascendant Capital Markets estimates

FINANCIAL MODEL

TripAdvisor, Inc.

Income Statement (\$ millions)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Total Revenue	278	59	151	116	604	123	235	303	241	902	252	337	364	283	1,236	303	394	400	318	1,415
Cost of Revenues	19	10	13	13	55	12	19	23	20	74	20	27	29	23	99	21	28	28	22	99
Gross Profit	259	49	138	103	549	111	216	280	221	828	232	310	335	260	1,137	281	366	372	296	1,315
Operating expenses:																				
Sales and marketing	129	54	70	66	319	73	123	148	126	470	126	162	138	113	539	136	181	144	121	582
Technology and content	73	51	46	55	225	55	54	52	51	212	76	71	55	57	258	91	79	56	64	289
General and administrative	52	43	35	44	174	38	46	37	46	167	48	44	47	37	176	57	47	48	38	191
Depreciation	25	32	30	31	118	29	28	27	26	110	28	28	28	28	112	28	28	28	28	112
Amortization of intangible	7				7					0	8	8	8	8	32	8	8	8	8	32
Related-party shared services fee					0					0					0					0
Restructuring and other		33	3	(1)	35					0	0	0	0	0	0	0	0	0	0	0
Total operating expenses	286	213	184	195	878	195	251	264	249	959	286	313	276	242	1,116	320	343	284	259	1,206
Operating income (loss)	(27)	(164)	(46)	(92)	(329)	(84)	(35)	16	(28)	(131)	(54)	(2)	59	18	20	(39)	23	88	37	109
Interest income (expense)			(12)	(14)	(26)	(11)	(11)	(12)	(11)	(45)	(14)	(14)	(14)	(14)	(58)	(14)	(14)	(14)	(14)	(57)
Other and minority interest		(15)		2	(13)	(1)		(1)	(8)	(10)				0						0
Income before income taxes	(27)	(179)	(58)	(104)	(368)	(96)	(46)	3	(47)	(186)	(68)	(17)	44	3	(37)	(53)	9	74	23	52
Income taxes	(11)	(26)	(10)	(31)	(78)	(16)	(6)	2	(18)	(38)	(17)	(4)	11	1	(9)	(13)	2	18	6	13
Net income (loss)	(16)	(153)	(48)	(73)	(290)	(80)	(40)	1	(29)	(148)	(51)	(13)	33	2	(28)	(40)	6	55	17	39
Nonrecurring/noncash adjustment	25	51	25	18	123	27	30	22	28	107	30	30	30	30	120	30	30	30	30	120
Net income	9	(102)	(23)	(55)	(167)	(53)	(10)	23	(1)	(41)	(21)	17	63	32	92	(10)	36	85	47	159
EBITDA	40	(74)	15	(33)	(52)	(26)	25	72	29	100	7	59	120	79	264	22	84	149	98	353
Shares, Basic	136	134	134	135	135	136	137	138	138	137	138	138	138	138	138	139	139	139	139	139
Shares, Diluted	136	134	134	135	135	136	137	144	138	137	138	138	138	138	138	139	139	139	139	139
EPS Basic (Pro forma)	0.07	(0.76)	(0.17)	(0.41)	(1.24)	(0.39)	(0.07)	0.17	(0.01)	(0.30)	(0.15)	0.13	0.46	0.23	0.67	(0.07)	0.26	0.61	0.34	1.15
EPS Diluted (Pro forma)	0.07	(0.76)	(0.17)	(0.41)	(1.24)	(0.39)	(0.07)	0.16	(0.01)	(0.30)	(0.15)	0.13	0.46	0.23	0.67	(0.07)	0.26	0.61	0.34	1.15
Income Statement Ratios																				
Gross margin	93%	83%	91%	89%	91%	90%	92%	92%	92%	92%	92%	92%	92%	92%	92%	93%	93%	93%	93%	93%
Sales and marketing	46%	92%	46%	57%	53%	59%	52%	49%	52%	52%	50%	48%	38%	40%	44%	45%	46%	36%	38%	41%
Technology and content	26%	86%	30%	47%	37%	45%	23%	17%	21%	24%	30%	21%	15%	20%	21%	30%	20%	14%	20%	20%
General and administrative	19%	73%	23%	38%	29%	31%	20%	12%	19%	19%	19%	13%	13%	13%	14%	19%	12%	12%	12%	13%
Operating margin	-10%	-278%	-30%	-79%	-54%	-68%	-15%	5%	-12%	-15%	-21%	-1%	16%	6%	2%	-13%	6%	22%	12%	8%
Tax rate, GAAP	41%	15%	17%	30%	21%	17%	13%	67%	38%	20%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Net margin	-6%	-259%	-32%	-63%	-48%	-65%	-17%	0%	-12%	-16%	-20%	-4%	9%	1%	-2%	-13%	2%	14%	5%	3%
Y/Y % change																				
Total Revenue	-26%	-86%	-65%	-65%	-61%	-56%	298%	101%	108%	49%	105%	44%	20%	17%	37%	20%	17%	10%	13%	14%
Gross margin	-27%	-88%	-66%	-67%	-63%	-57%	341%	103%	115%	51%	109%	44%	19%	18%	37%	21%	18%	11%	14%	16%
Sales and marketing	-28%	-70%	-60%	-53%	-53%	-43%	128%	111%	91%	47%	73%	32%	-7%	-10%	15%	8%	12%	4%	7%	8%
Technology and content	0%	-31%	-39%	-21%	-23%	-25%	6%	13%	-7%	-6%	38%	31%	5%	11%	21%	20%	11%	3%	13%	12%
General and administrative	24%	-4%	-31%	-10%	-7%	-27%	7%	6%	5%	-4%	26%	-5%	28%	-20%	5%	20%	8%	2%	4%	9%
Operating income (loss)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	266%	NM	NM	NM	NM	50%	111%	438%
Net income (loss)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	67%	NM	NM
EPS Diluted (Pro forma)	-82%	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	186%	NM	NM	NM	108%	35%	45%	72%

Source: Company reports and Ascendant Capital Markets estimates.

TripAdvisor, Inc.

Balance Sheet (\$ millions)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	798	698	446	418	674	775	682	723	612	687	777	808	752	852	959	1,006
Restricted cash																
Short term investments									0	0	0	0	0	0	0	0
Accounts receivable, net	159	74	91	83	97	159	198	142	134	150	149	94	161	175	164	106
Prepaid expenses and other current assets	29	26	26	22	24	25	28	26	10	13	15	11	12	16	16	13
Deferred income taxes	26	55	50	50	50	47	52	49	11	11	11	11	11	11	11	11
Total current assets	1,012	853	613	573	845	1,006	960	940	768	861	952	924	936	1,054	1,150	1,136
Property and equipment, net	268	259	250	240	229	225	220	215	212	209	206	203	200	197	194	191
Long term investments and other	54	41	40	40	143	142	174	184	184	184	184	184	184	184	184	184
Goodwill and intangibles, net	927	932	934	948	932	929	915	908	900	892	884	876	868	860	852	844
Other	166	164	159	168	83	85	43	42	3	3	3	3	3	3	3	3
Total assets	2,427	2,249	1,996	1,969	2,232	2,387	2,312	2,289	2,067	2,149	2,229	2,190	2,191	2,298	2,383	2,358
Liabilities and stockholders' equity																
Accounts payable	34	13	14	18	13	15	22	27	18	24	25	20	21	28	28	22
Deferred merchant payable	71	57	38	36	71	173	123	113	113	113	113	113	113	113	113	113
Payable to Expedia									2	2	2	2	2	2	2	2
Deferred revenue	60	38	31	28	38	49	39	36	36	36	36	36	36	36	36	36
Tax payable									70	70	70	70	70	70	70	70
Accrued expenses and other	146	141	148	160	155	207	179	181	189	253	273	212	227	296	300	239
Short-term debt									0	0	0	0	0	0	0	0
Total current liabilities	311	249	231	242	277	444	363	357	428	498	520	453	469	544	549	482
Long-term debt	700	700	490	491	831	832	832	833	833	833	833	833	833	833	833	833
Deferred tax	16	13	10	10	2	2	2	1	25	25	25	25	25	25	25	25
Other long-term liabilities	373	375	357	340	337	330	321	309	18	18	18	18	18	18	18	18
Minority interest																
Total other liabilities	1,089	1,088	857	841	1,170	1,164	1,155	1,143	876	876	876	876	876	876	876	876
Common stock, class A									0	0	0	0	0	0	0	0
Common stock, class B									0	0	0	0	0	0	0	0
Additional paid-in capital	1,167	1,193	1,224	1,253	1,244	1,275	1,297	1,326	1,351	1,376	1,401	1,426	1,451	1,476	1,501	1,526
Treasury stock	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)	(722)
Retained earnings (deficit)	662	509	461	389	309	269	270	241	190	177	211	213	173	179	235	252
Unearned compensation									0	0	0	0	0	0	0	0
Accumulated other comprehensive income (loss)	(80)	(68)	(55)	(34)	(46)	(43)	(51)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)	(56)
Total stockholders' equity	1,027	912	908	886	785	779	794	789	763	775	834	861	846	877	958	1,000
Total stockholders' equity and liabilities	2,427	2,249	1,996	1,969	2,232	2,387	2,312	2,289	2,067	2,149	2,229	2,190	2,191	2,298	2,383	2,358

Balance Sheet Drivers

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	10%	44%	17%	19%	20%	11%	9%	11%	4%	4%	4%	4%	4%	4%	4%	4%
Accounts payable as % of total rev	12%	22%	9%	16%	11%	6%	7%	11%	7%	7%	7%	7%	7%	7%	7%	7%
Accrued expenses as % of total rev	53%	239%	98%	138%	126%	88%	59%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Activity Ratios																
A/R Days Sales Outstanding	51	113	54	64	71	61	59	53	48	40	37	30	48	40	37	30
A/P Days Payable	161	117	97	125	98	71	86	122	79	79	79	79	90	90	90	90
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$7.55	\$6.81	\$6.78	\$6.56	\$5.77	\$5.69	\$5.51	\$5.72	\$5.52	\$5.61	\$6.03	\$6.22	\$6.11	\$6.33	\$6.90	\$7.20
Cash per Share (diluted)	\$6.26	\$5.51	\$3.63	\$3.39	\$6.01	\$6.69	\$5.94	\$6.57	\$5.77	\$6.30	\$6.95	\$7.16	\$6.76	\$7.47	\$8.24	\$8.58
Net cash per Share (diluted)	\$1.12	\$0.29	(\$0.03)	(\$0.24)	(\$0.10)	\$0.62	\$0.17	\$0.54	(\$0.26)	\$0.27	\$0.93	\$1.15	\$0.74	\$1.46	\$2.23	\$2.58
Total Debt	\$700	\$700	\$490	\$491	\$831	\$832	\$832	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833	\$833

Source: Company reports and Ascendant Capital Markets estimates.

TripAdvisor, Inc.

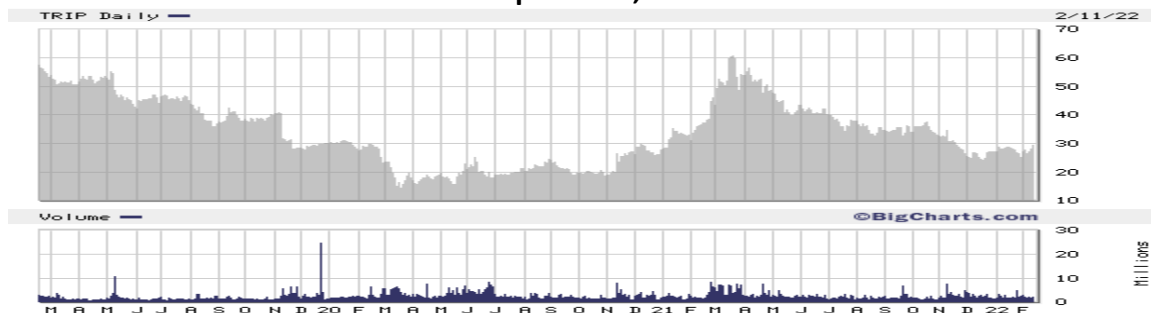
Cash Flow Statement (\$ millions)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1E	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Cash flow from operating activities																				
Net income	(16)	(153)	(48)	(73)	(290)	(80)	(40)	1	(29)	(148)	(51)	(13)	33	2	(28)	(40)	6	55	17	39
Depreciation	25	32	30	31	118	29	28	27	26	110	28	28	28	28	112	28	28	28	28	112
Stock comp	26	25	28	29	108	29	32	29	31	121	25	25	25	25	100	25	25	25	25	100
Tax benefit from stock comp					0					0					0					0
Amortization of intangibles	7		3		10					0	8	8	8	8	32	8	8	8	8	32
Amortization of deferred financing costs					0					0					0					0
Deferred tax	12	(3)	(1)	(5)	3	(22)	(6)	2	(18)	(44)	62	0	0	0	62	0	0	0	0	0
F/X gains/losses					0					0	0	0	0	0	0	0	0	0	0	0
Expedia receivable and payable					0					0	2	0	0	0	2	0	0	0	0	0
Other gains/losses		20	1	1	22	2	1	(2)	2	3	0	0	0	0	0	0	0	0	0	0
Other			4	2	6	4	3	3	8	18	0	0	0	0	0	0	0	0	0	0
Changes in operating assets and liabilities:																				
Accounts receivable					0					0	8	(15)	0	55	48	(67)	(14)	10	58	(12)
Prepaid expenses & other current assets					0					0	16	(3)	(1)	3	15	(1)	(4)	(0)	3	(1)
Accounts payable					0					0	(9)	6	2	(6)	(7)	1	6	0	(6)	3
Tax payable					0					0	70	0	0	0	70	0	0	0	0	0
Accrued expenses & other					0					0	8	64	20	(61)	31	15	68	5	(61)	27
Deferred revenue					0					0	0	0	0	0	0	0	0	0	0	0
Other	(124)	1	(48)		(174)	19	108	(124)	45	48	(252)	0	0	0	(252)	0	0	0	0	0
Net cash (used in) provided by oper.	(70)	(78)	(31)	(15)	(194)	(19)	126	(64)	65	108	(86)	100	115	55	185	(31)	125	132	73	299
Cash flow from investing activities																				
Purchases of property and equipment	(20)	(15)	(11)	(9)	(55)	(10)	(14)	(15)	(14)	(53)	(25)	(25)	(25)	(25)	(100)	(25)	(25)	(25)	(25)	(100)
Purchases of short-term investments					0					0	0	0	0	0	0	0	0	0	0	0
Sale of short-term investments					0					0	0	0	0	0	0	0	0	0	0	0
Acquisitions					0					0	0	0	0	0	0	0	0	0	0	0
Transfer to Expedia					0					0	0	0	0	0	0	0	0	0	0	0
Other		1	(2)		(1)		(2)	1	1	0	0	0	0	0	0	0	0	0	0	0
Net cash used in investing activities	(20)	(14)	(13)	(9)	(56)	(10)	(16)	(14)	(13)	(53)	(25)	(25)	(25)	(25)	(100)	(25)	(25)	(25)	(25)	(100)
Cash flow from financing activities																				
Term loan borrowing (net)	700	(4)	(210)	(4)	482	303	(2)	(2)	(7)	292	0	0	0	0	0	0	0	0	0	0
Repurchase of common stock	(115)				(115)					0	0	0	0	0	0	0	0	0	0	0
Dividends					0					0	0	0	0	0	0	0	0	0	0	0
Proceeds from stock option exercise	(14)	(3)	(1)	(3)	(21)	(16)	(5)	(10)		(31)	0	0	0	0	0	0	0	0	0	0
Change in restricted cash					0					0	0	0	0	0	0	0	0	0	0	0
Other	(1)	(1)	(1)		(3)					0	0	0	0	0	0	0	0	0	0	0
Acquisition funding by Expedia					0					0	0	0	0	0	0	0	0	0	0	0
Cash provided by (used in) financing	570	(8)	(212)	(7)	343	287	(7)	(12)	(7)	261	0	0	0	0	0	0	0	0	0	0
Effect of exchange rate on cash and ca	(1)		4	3	6	(2)	(2)	(3)	(4)	(11)	0	0	0	0	0	0	0	0	0	0
Net increase (decrease) in cash and	479	(100)	(252)	(28)	99	256	101	(93)	41	305	(111)	75	90	30	85	(56)	100	107	48	199
Beginning cash and equivalents	319	798	698	446	319	418	674	775	682	418	723	612	687	777	723	808	752	852	959	808
Ending cash and equivalents	798	698	446	418	418	674	775	682	723	723	612	687	777	808	808	752	852	959	1,006	1,006

Source: Company reports and Ascendant Capital Markets estimates.

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TripAdvisor, Inc.



Source: <https://bigcharts.marketwatch.com/>

Report	Report Date	Rating	Price Target
29	2/15/2018	B	48.00
30	5/9/2018	B	55.00
31	8/2/2018	B	56.00
32	11/8/2018	B	77.00
33	2/18/2019	B	70.00
34	5/9/2019	B	59.00
35	8/13/2019	B	52.00
36	11/14/2019	B	36.00
37	2/22/2020	B	35.00
38	5/26/2020	B	26.00
39	6/6/2020	B	32.00
40	8/8/2020	B	30.00
41	12/2/2020	B	36.00
42	2/21/2021	B	50.00
43	6/13/2021	B	54.00
44	8/8/2021	B	50.00
45	1/8/2022	B	40.00

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Risks to attainment of our share price target include changes in competition, economic conditions, consumer and business demand for travel, investor sentiment for investing in travel and technology stocks, and industry growth for online travel companies.

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

Strong Buy: We expect the stock to provide a total return of 30% or more within a 12-month period.

Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	40	98%	16	40%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	41	100%	16	39%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDAS, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

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