

Expedia Group, Inc.

Q3 upside and maintained solid 2023 guidance as travel growth strong. Raising P/T to \$168.

COMPANY UPDATE

Rating: BUY

Ticker:	EXPE
Price:	\$153.28
Target:	\$168.00
(fror	n \$133)

Q3 EPS upside: Expedia recently (on November 2) reported its fiscal Q3 2023 (ending September) results. Revenue was \$3,929 million (+9% y-o-y), compared to our estimate of \$3,872 million and consensus of \$3,858 million. Pro forma EPS was \$5.41, compared to our estimate of \$4.53 and consensus of \$4.99. EBITDA was \$1,216 million, compared to our estimate of \$1,164 million and \$1,079 million in Q3 2022. Q3 general qualitative guidance was for revenue to grow about 7% (our guess).

Q3 growth: Gross bookings were \$25.7 billion (+7% y-o-y), compared with our estimate of \$26.2 billion. Hotel room nights were +9% y-o-y reflecting continued strong growth as the travel industry is very strong now. EPS benefited from cost savings and management.

Q4 gross booking growth tracking ~+7%: In the current Q4, the company expects Q4 gross bookings to grow ~7% (y-o-y and about inline with Q3) as the travel industry remains strong. Q4 revenue is expected to grow modestly higher than Q3's +9%.

2023 guidance maintained: The company maintained general qualitative guidance for "double digit" revenue and earnings growth in 2023. The company provided general qualitative guidance for Q4 revenue to grow about 10% (our guess).

Adjusting estimates: We are adjusting our 2023 estimates for revenue to \$12.8 billion, from \$12.9 billion, and for EPS to \$9.17 from \$8.61. We are adjusting our 2024 estimates for revenue to \$13.8 billion, from \$13.9 billion, and for EPS to \$10.62 from \$10.24.

Cost cuts to drive profitability: The company instituted (since January 2020) significant cost restructuring resulting in annualized savings of ~\$700 - 750 million to reflect its new lowered levels of revenue expected over the near term as well as streamlining its business to be more efficient. While some costs will return as business recovers, there will still be significant savings.

Travel's strong growth: Like all other travel services providers, Expedia had material negative impact from the recent coronavirus pandemic. However, Expedia has returned to and even above normalized (prepandemic) business in 2022 and is now growing strongly in 2023. The company expects increased consumer confidence and pent up demand to drive a rebound in the travel industry over the next several years.

Positive risk versus reward: We continue to be positive on Expedia longer term. We believe longer term, traveling and the travel industry has now returned back to normal and will continue to grow stronger and that Expedia as one of the world's largest OTA is in good position to capture a significant share of the economics within the travel industry.

Current valuation attractive: Maintaining our BUY rating, but raising our 12-month price target to \$168 from \$133, which reflects a P/E of ~16x our 2024 EPS estimate of \$10.62. This multiple is about inline with Expedia's long-term normalized earnings growth rate.

Company Description

Based in Seattle, WA, Expedia is a global online travel company selling travel products, services, and advertising. Its brands include Expedia, Hotels.com, Hotwire, Egencia, Orbitz, Travelocity and Vrbo. United States Internet Software and Services

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Stock Data

Exchange:	NasdaqGS
52-week Range:	\$84.20 – 155.84
Shares Outstanding (million):	144
Market cap (\$million):	\$22,072
EV (\$million):	\$21,830
Debt (\$million):	\$6,250
Cash (\$million):	\$6,492
Avg. Daily Trading Vol. (\$million):	\$383
Float (million shares):	132
Short Interest (million shares):	9
Dividend, annual (yield):	\$0 (N/A)

Revenues (US\$ million)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Mar	2,665A		2,819E	
Q2 Jun	3,358A		3,629E	
Q3 Sep	3,929A	3,872E	4,247E	4,186E
Q4 Dec	<u>2,895E</u>	<u>3,006E</u>	<u>3,129E</u>	<u>3,251E</u>
Total	12,847E	12,901E	13,824E	13,884E
EV/Revs	1.7x		1.6x	

Earnings per Share (pro forma)

	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> (Old)	<u>2024E</u> (Cur.)	<u>2024E</u> (Old)
Q1 Mar	(0.20)A		0.01E	0.01E
Q2 Jun	2.89A		2.82E	2.60E
Q3 Sep	5.41A	4.53E	6.05E	5.78E
Q4 Dec	<u>1.20E</u>	<u>1.45E</u>	<u>1.73E</u>	<u>1.84E</u>
Total	9.17E	8.61E	10.62E	10.24E
P/E	17x		14x	

Important Disclosures

Ascendiant 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 7.



OVERVIEW

- Expedia recently (on November 2) reported its fiscal Q3 2023 (ending September) results.
- Revenue was \$3,929 million (+9% y-o-y), compared to our estimate of \$3,872 million and consensus of \$3,858 million.
- Pro forma EPS was \$5.41, compared to our estimate of \$4.53 and consensus of \$4.99.
- EBITDA was \$1,216 million, compared to our estimate of \$1,164 million and \$1,079 million in Q3 2022.
- Q3 general qualitative guidance was for revenue to grow about 7% (our guess).
- Gross bookings were \$25.7 billion (+7% y-o-y), compared with our estimate of \$26.2 billion.
- The company maintained its general qualitative guidance for "double digit" revenue and earnings growth in 2023.
- The company provided general qualitative guidance for Q4 revenue to grow about 10% (our guess).
- We are adjusting our 2023 estimates for revenue to \$12.8 billion, from \$12.9 billion, and for EPS to \$9.17 from \$8.61.
- We are adjusting our 2024 estimates for revenue to \$13.8 billion, from \$13.9 billion, and for EPS to \$10.62 from \$10.24.

ADDITIONAL DETAILS

- Revenue by product was: Hotels 82%, Air 3%, Advertising 6%, and Other 9% (compared with Q3 2022's Hotels 80%, Air 3%, Advertising 6%, and Other 11%).
- Revenue growth by product was: Hotels +12%, Air +5%, Advertising +5%, and Other -11% (compared with Q3 2022's Hotels +25%, Air +61%, Advertising +10%, and Other +4%).
- Revenue as a percentage of gross bookings was 15.3%, compared with our estimate of 14.8% and 15.1% in Q3 2022.
- Gross profit for the quarter was \$3,517 million, compared with our estimate of \$3,392 million.
- Gross margin for the quarter was 90%, versus our expectation of 88% and 87% last year.
- Operating expenses were \$2,910 million, versus our expectation of \$2,633 million.
- Operating income was \$607 million, versus our expectation of \$759 million.
- Pro forma net income was \$778 million, versus our expectation of \$670 million.
- The company just announced a new \$5 billion stock buyback program. The company has repurchased ~17 million shares (~10% of shares outstanding) for \$1.8 billion year-to-date (not counted as part of the new buyback program).

The company's balance sheet remains solid with \$6.5 billion in cash and \$6.3 billion in debt (~\$2 share in net cash), compared with \$8.8 billion in cash and \$6.2 billion in debt at the end of June.



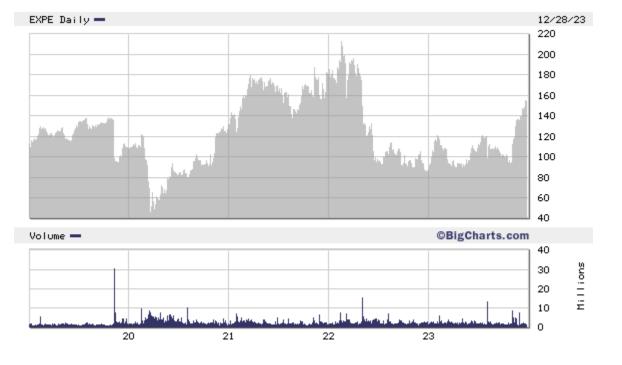


Exhibit 1: Expedia Stock Price (Five Years)

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

Exhibit 2: Consensus Expectations (as of November 2, 2023)

	Revenue (mil)			EPS	
	<u>2023E</u>	<u>2024E</u>		<u>2023E</u>	<u>2024E</u>
Q1 Mar	\$2,665A		Q1 Mar	\$(0.20)A	
Q2 Jun	\$3,358A		Q2 Jun	\$2.89A	
Q3 Sep	\$3,858E		Q3 Sep	\$4.99E	
Q4 Dec	\$2,932E		Q4 Dec	\$1.86E	
Total	\$12,818E	\$13,936E	Total	\$9.55E	\$11.70E

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

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



FINANCIAL MODEL

Expedia Group, Inc.

Income Statement (\$ millions)	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	Mar-24	Jun-24	Sep-24	Dec-24	2024
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Revenue	1,246	2,111	2,962	2,279	8,598	2,249	3,181	3,619	2,618	11,667	2,665	3,358	3,929	2,895	12,847	2,819	3,629	4,247	3,129	13,824
Cost of Revenues	311	374	442	395	1,522	371	419	455	412	1,657	414	407	412	463	1,696	420	435	510	491	1,856
Gross Profit	935	1,737	2,520	1,884	7,076	1,878	2,762	3,164	2,206	10,010	2,251	2,951	3,517	2,431	11,150	2,399	3,193	3,738	2,638	11,967
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Operating expenses:	004	4 400			4 004	4 000	4 740	4 000	4 070	0.400	4 074	4 770	4 050	4 500	0.000	4 074	1 778	4 000	4 505	0.000
Sales and marketing	664	1,199	1,314	1,044	4,221	1,339	1,716	1,669	1,376	6,100	1,674	1,770	1,856	1,523	6,823	1,671	1,770	1,869	1,565	6,883
Technology and content	247	276	277	274	1,074 705	270	284	310	317	1,181 748	317	344 194	340	350	1,351	366	399	340	407	1,512
General and administrative	156 209	184 205	182 201	183 199	814	186 197	189 197	187 199	186 199	748	184 192	194	194 208	223 200	795 799	225 200	363 200	297 200	249 200	1,134 800
Depreciation and amortization			201	199	814	197	197	199	199	23	192	199	208	200	799	200	200	200	200	800
Legal and tax reserves Restructuring and other	(1)	(8)	10	24	75	21		50		23	5		312	0	312	0	0	0	0	4
Total operating expenses	<u>29</u> 1,304	<u>13</u> 1,869	1,996	<u>21</u> 1.721	6,890	2,013	<u>29</u> 2.417	<u>52</u> 2.417	2,078	8,925	2,372	2,508	2,910	2,297	10,087	2,464	2,741	2,707	2.421	10,334
Total operating expenses	1,304	1,009	1,990	1,721	0,090	2,013	2,417	2,417	2,070	0,920	2,312	2,308	2,910	2,291	10,087	2,404	2,741	2,707	2,421	10,334
Operating income (loss)	(369)	(132)	524	163	186	(135)	345	747	128	1.085	(121)	443	607	135	1.064	(66)	452	1.031	217	1,633
operating meenic (1033)	(303)	(102)	524	100	100	(100)	040		120	1,000	(121)	440	007	100	1,004	(00)	452	1,001		1,000
Interest income (expense)	(96)	(82)	(84)	(80)	(342)	(78)	(63)	(43)	(33)	(217)	(18)	2	(6)	(45)	(67)	(53)	(56)	(40)	(22)	(170)
Other and minority interest	(310)	(134)	(04) <u>9</u>	269	(166)	6	(409)	(43)	90	(321)	73	17	(37)	(43)	48	(5)	(30) (5)	(40) (5)	(22)	(170)
Income before income taxes	(775)	(348)	449	352	(322)	(207)	(127)	696	185	547	(66)	462	564	85	1.045	(124)	392	986	190	1.443
Income taxes	(169)	(47)	87	76	(53)	(207)	58	<u>214</u>	8	195	79	77	139	13	308	(124)	84	212	40	310
Net income (loss)	(606)	(301)	362	276	(269)	(122)	(185)	482	177	352	(145)	385	425	72	737	(98)	307	774	150	1,133
	(000)	(001)	002	2.0	(200)	()	(100)	102		002	(1.0)	000	120			(00)	001			1,100
Nonrecurring/noncash adjustme	313	132	191	(109)	527	48	495	158	19	720	115	43	353	100	611	100	100	100	100	400
Net income	(294)	(169)	553	167	258	(74)	310	640	196	1,072	(30)	428	778	172	1,348	2	407	874	250	1,533
EBITDA (total)	(58)	201	855	479	1,477	173	648	1,079	449	2,349	185	747	1,216	540	2,688	339	857	1,436	622	3,253
Shares, Basic	145.2	149.1	151.0	153.5	149.7	156.3	157.3	157.6	155.4	156.7	152.5	147.2	142.2	142.2	146.0	142.3	142.4	142.5	142.6	142.5
Shares, Diluted	145.2	149.1	156.5	158.0	156.3	156.3	158.5	157.9	155.6	157.8	152.5	147.9	143.8	143.8	147.0	144.0	144.2	144.4	144.6	144.3
	(0.00)	(4.40)	0.00	4.00	4 70	(0.47)	4.07	4.00	4.00	0.04	(0.00)	0.04	F 47	4.04	0.00	0.04	0.00	0.40	4.75	40.70
EPS Basic (Pro forma)	(2.02)	(1.13)	3.66	1.09	1.72	(0.47)	1.97	4.06	1.26	6.84	(0.20)	2.91	5.47	1.21	9.23	0.01	2.86	6.13	1.75	10.76
EPS Diluted (Pro forma)	(2.02)	(1.13)	3.53	1.06	1.65	(0.47)	1.96	4.05	1.26	6.79	(0.20)	2.89	5.41	1.20	9.17	0.01	2.82	6.05	1.73	10.62
Income Statement Ratios																				
Gross margin	75.0%	82.3%	85.1%	82.7%	82.3%	83.5%	86.8%	87.4%	84.3%	85.8%	84.5%	87.9%	89.5%	84.0%	86.8%	85.1%	88.0%	88.0%	84.3%	86.6%
Sales and marketing	53.3%	56.8%	44.4%	45.8%	49.1%	59.5%	53.9%	46.1%	52.6%	52.3%	62.8%	52.7%	47.2%	52.6%	53.1%	59.3%	49.0%	44.0%	50.0%	49.8%
Technology and content	19.8%	13.1%	9.4%	12.0%	12.5%	12.0%	8.9%	8.6%	12.1%	10.1%	11.9%	10.2%	8.7%	12.1%	10.5%	13.0%	11.0%	8.0%	13.0%	10.9%
General and administrative	12.5%	8.7%	6.1%	8.0%	8.2%	8.3%	5.9%	5.2%	7.1%	6.4%	6.9%	5.8%	4.9%	7.7%	6.2%	8.0%	10.0%	7.0%	8.0%	8.2%
Operating margin	-29.6%	-6.3%	17.7%	7.2%	2.2%	-6.0%	10.8%	20.6%	4.9%	9.3%	-4.5%		15.4%	4.7%	8.3%	-2.3%	12.5%	24.3%	6.9%	11.8%
Tax rate, GAAP	21.8%	13.5%	19.4%	21.6%	16.5%	41.1%	-45.7%	30.7%	4.3%	35.6%	-119.7%	16.7%	24.6%	15.0%	29.5%	21.0%	21.5%	21.5%	21.0%	21.5%
Net margin	-48.6%	-14.3%	12.2%	12.1%	-3.1%	-5.4%	-5.8%	13.3%	6.8%	3.0%	-5.4%	11.5%	10.8%	2.5%	5.7%	-3.5%	8.5%	18.2%	4.8%	8.2%
Y/Y % change																				
Revenue	-44%	273%	97%	148%	65%	80%	51%	22%	15%	36%	18%	6%	9%	11%	10%	6%	8%	8%	8%	8%
Gross margin	-41%	881%	123%	198%	101%	101%	59%	26%	17%	41%	20%	7%	11%	10%	11%	7%	8%	6%	8%	7%
Sales and marketing	-45%	305%	148%	104%	66%	102%	43%	27%	32%	45%	25%	3%	11%	11%	12%	0%	0%	1%	3%	1%
Technology and content	-20%	8%	24%	23%	6%	9%	3%	12%	16%	10%	17%	21%	10%	10%	14%	16%	16%	0%	16%	12%
General and administrative	-17%	21%	36%	48%	18%	19%	3%	3%	2%	6%	-1%	3%	4%	20%	6%	23%	87%	53%	12%	43%
Operating income (loss)	NM	NM	NM	NM	NM	NM	NM	43%	-21%	483%	NM	28%	-19%	5%	-2%	NM	2%	70%	61%	54%
Net income (loss)	NM	NM	NM	NM	NM	NM	NM	33%	-36%	NM	NM	NM	-12%	-59%	109%	NM	-20%	82%	108%	54%
EPS Diluted (Pro forma)	NM	NM	NM	NM	NM	NM	NM	15%	19%	312%	NM	48%	33%	-5%	35%	NM	-2%	12%	45%	16%
Source: Company reports and As		4 Canita	Madrata																	

Source: Company reports and Ascendiant Capital Markets estimates

Balance Sheet (\$ millions)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
iscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	4.291	5.464	5.031	4.111	5.552	5.568	4.588	4,096	5.904	6.274	5.056	3.973	3.663	5.778	8.152	6.517
Restricted cash	1.972	2,541	1.587	1,694	2,583	2,756	1.778	1,755	2,483	2,484	1.436	1,436	1,436	1,436	1.436	1,430
Short term investments	23	11	.,	200	_,	26	49	48	44	27	.,	0	0	0	0	(
Accounts receivable, net	1.007	1.440	1,485	1,264	1,736	2.173	1,991	2,078	2,523	2,903	2,753	965	1,503	1,613	1,746	1,043
Prepaid merchant	.,	.,	.,	.,=	.,	_,	.,	_,	_,	_,	_,		.,	.,	.,	.,
Prepaid expenses and other current a	1.151	1.258	838	827	1.183	1.158	799	774	1.119	1.055	765	289	282	363	425	313
Deferred income taxes	392	399	102	85	93	105	65	40	53	70	84	100	100	100	100	10
Total current assets	8,836	11,113	9,043	8,181	11,147	11,786	9,270	8,791	12,126	12,813	10,094	6,763	6,984	9,290	11,859	9,40
Property and equipment, net	2.241	2.261	2.264	2.180	2,169	2.163	2,169	2.210	2.260	2.318	2.354	2.374	2.394	2.414	2.434	2.454
Long term investments and other	667	663	655	1,450	1.468	1,151	1,122	1,184	1,198	1,202	1,155	1,155	1.155	1,155	1,155	1.15
Goodwill and intangibles, net	8.842	8.827	8.743	8,564	8.534	8,441	8.332	8.352	8.346	8.330	7.994	7,794	7,594	7.394	7,194	6,994
Other	1,280	1,317	1,239	1,173	1,259	1,203	986	1,024	1,056	1,013	925	925	925	925	925	92
Total assets	21,866	24,181	21,944	21,548	24,577	24,744	21,879	21,561	24,986	25,676	22,522	19,011	19,052	21,178	23,567	20,937
Liabilities and stockholders' equity																
Merchant payable	727	1,157	1,264	1,333	1,292	1,548	1,535	1,709	1,531	1,775	1,887	1,390	1,354	1,743	2,040	1,503
Accounts payable	565	778	769	688	934	1,178	1,132	947	1,010	1,066	1,130	868	846	1,089	1,274	939
Deferred merchant bookings	6,047	8,240	5,844	5,688	9,203	10,041	7,457	7,151	11,036	11,523	8,394	4,342	4,510	5,443	6,371	4,694
Deferred revenue	174	172	161	166	178	173	160	163	186	185	167	167	167	167	167	16
Accrued expenses and other	1,261	1,366	960	840	862	897	835	808	849	880	982	723	704	907	1,062	782
Short-term debt			753	735								<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	(
Total current liabilities	8,774	11,713	9,751	9,450	12,469	13,837	11,119	10,778	14,612	15,429	12,560	7,491	7,580	9,348	10,913	8,08
Long-term debt	8,464	8,480	7,712	7,715	7,719	6,727	6,237	6,240	6,243	6,247	6,250	6,250	6,250	6,250	6,250	6,25
Deferred tax	23	22	55	58	58	45	50	52	35	35	34	34	34	34	34	34
Other long-term liabilities	895	873	824	773	764	754	760	763	806	749	752	752	752	752	752	752
Minority interest	1,479	1,486	1,488	1,495	1,489	1,471	1,445	1,445	1,458	1,457	1,253	1,253	1,253	1,253	1,253	1,253
Total other liabilities	10,861	10,861	10,079	10,041	10,030	8,997	8,492	8,500	8,542	8,488	8,289	8,289	8,289	8,289	8,289	8,289
Preferred stock	1,022	511	511									0	0	0	0	(
Common stock, class A												0	0	0	0	
Common stock, class B												0	0	0	0	
Additional paid-in capital	13,919	13,995	14,176	14,229	14,431	14,549	14,674	14,795	14,938	15,072	15,227	15,277	15,327	15,377	15,427	15,47
Treasury stock	(10,152)	(10,182)	(10,205)	(10,262)	(10,309)	(10,331)	(10,503)	(10,869)	(11,341)	(11,937)	(12,550)	(12,550)	(12,550)	(12,550)	(12,550)	(12,55
Retained earnings (deficit)	(2,359)	(2,531)	(2,147)	(1,761)	(1,883)	(2,068)	(1,586)	(1,409)	(1,554)	(1,169)	(764)	(692)	(790)	(483)	291	44
Unearned compensation												1,436	1,436	1,436	1,436	1,43
Accumulated other comprehensive (lo	<u>(199)</u>	<u>(186)</u>	<u>(221)</u>	<u>(149)</u>	<u>(161)</u>	(240)	<u>(317)</u>	(234)	<u>(211)</u>	(207)	<u>(240)</u>	(240)	(240)	(240)	(240)	(24
Total stockholders' equity	2,231	1,607	2,114	2,057	2,078	1,910	2,268	2,283	1,832	1,759	1,673	3,231	3,183	3,540	4,364	4,56
Total stockholders' equity and liabilit	21,866	24,181	21,944	21,548	24,577	24,744	21,879	21,561	24,986	25,676	22,522	19,011	19,052	21,178	23,567	20,93

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid Merchant as % of total rev	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Prepaid as % of total rev	92%	60%	28%	36%	53%	36%	22%	30%	42%	31%	19%	10%	10%	10%	10%	10%
Merchant payable as % of total rev	58%	55%	43%	58%	57%	49%	42%	65%	57%	53%	48%	48%	48%	48%	48%	48%
Deferred Merchant booking as % of tota	485%	390%	197%	250%	409%	316%	206%	273%	414%	343%	214%	150%	160%	150%	150%	150%
Accounts payable as % of total rev	45%	37%	26%	30%	42%	37%	31%	36%	38%	32%	29%	30%	30%	30%	30%	30%
Accrued expenses as % of total rev	101%	65%	32%	37%	38%	28%	23%	31%	32%	26%	25%	25%	25%	25%	25%	25%
Activity Ratios																
A/R Days Sales Outstanding	73	61	45	50	69	61	50	71	85	78	63	30	48	40	37	30
A/P Days Payable	164	187	157	157	227	253	224	207	220	236	247	169	181	225	225	172
Merchant Days Payable (w/ Revenue)	53	49	38	53	52	44	38	59	52	48	43	43	43	43	43	43
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$15.37	\$10.78	\$13.50	\$13.02	\$13.29	\$12.05	\$14.36	\$14.67	\$12.01	\$11.89	\$11.63	\$22.46	\$22.10	\$24.55	\$30.22	\$31.56
Cash per Share (diluted)	\$43.30	\$53.77	\$42.28	\$38.01	\$52.04	\$52.68	\$40.62	\$37.91	\$55.29	\$59.39	\$45.14	\$37.60	\$35.40	\$50.02	\$66.39	\$54.99
Net cash per Share (diluted)	(\$15.00)	(\$3.11)	(\$11.80)	(\$15.47)	\$2.66	\$10.24	\$1.13	(\$2.19)	\$14.35	\$17.16	\$1.68	(\$5.85)	(\$7.99)	\$6.69	\$23.11	\$11.78
Total Debt	\$8,464	\$8,480	\$8,465	\$8,450	\$7.719	\$6.727	\$6.237	\$6,240	\$6,243	\$6,247	\$6,250	\$6,250	\$6,250	\$6.250	\$6.250	\$6,250

Source: Company reports and Ascendiant Capital Markets estimates

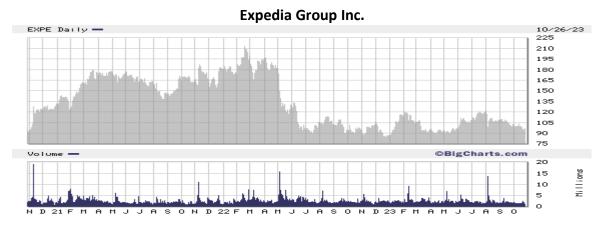


ash Flow Statement (\$ millions)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	20
scal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY
Cash flow from operating activities																				
Net income	(581)	(177)	378	395	15	(123)	(185)	476	175	343	(140)	387	305	72	624	(98)	307	774	150	1,
Depreciation	182	179	177	177	715	175	176	176	177	704	177	184	194	155	710	155	155	155	155	
Stock comp	83	120	116	99	418	90	93	97	94	374	103	106	105	50	364	50	50	50	50	
Amortization of intangibles	27	26	24	22	99	22	21	23	22	88	15	15	14	200	244	200	200	200	200	
Deferred tax	(175)	(66)	83	13	(145)	(101)	18	189	(36)	70	(57)	40	66	(16)	33	0	0	0	0	
F/X gains/losses	33	(1)	65	24	121	17	167	179	(157)	206	(20)	(9)	96	0	67	0	0	0	0	
Accrued			(33)	33	0					0				0	0	0	0	0	0	
Impairments				20	20		29	52		81			312		312					
Other gains/losses	272	4	4	(427)	(147)		376	(2)	(29)	345	(1)	(53)	127	0	73	0	0	0	0	
Other	24	(18)	1	25	32	2	(21)	(7)	(6)	(32)	14	14	6	0	34	0	0	0	0	
changes in operating assets and liabilit	ies:																			
Accounts receivable	(300)	(429)	(52)	60	(721)	(476)	(445)	173	(90)	(838)	(456)	(390)	142	1,788	1,084	(538)	(110)	(133)	703	
Prepaid expenses & other current as	(495)	(119)	424	(34)	(224)	(356)	26	361	24	55	(293)	146	190	476	519	8	(81)	(62)	112	
Merchant payable	126	430	107	114	777	(41)	255	(12)	173	375	(178)	244	112	(497)	(319)	(37)	389	297	(537)	
Accounts payable	34	319	(115)	(100)	138	267	272	(112)	(231)	196	79	96	48	(262)	(39)	(23)	243	186	(335)	
Deferred merchant bookings	2.940	2.244	(2.397)	(145)	2.642	3.515	839	(2.584)	(306)	1.464	3.885	486	(3,128)	(4,052)	(2,809)	168	933	928	(1,677)	
Deferred revenue	2	(2)	(8)	6	(2)	13	(5)	(13)	3	(2)	-,		(-,)	0	0	0	0	0	0	
Income tax payable and other	(2)	4	5	3	10	(13)	12	7	5	11	29	(120)	36	(259)	(314)	(19)	203	155	(279)	
let cash (used in) provided by oper-	-	_	(1.221)	285	3.748	2.991	1.628	(997)	(182)	3.440	3.157	1.146	(1.375)	(2.344)	584	(134)	2.290	2.549	(1.459)	
et cash (used in) provided by open	2,170	2,514	(1,221)	205	3,740	2,551	1,020	(331)	(102)	3,440	3,137	1,140	(1,373)	(2,344)	504	(134)	2,230	2,343	(1,455)	
Cash flow from investing activities																				
Purchases of property and equipment	(168)	(183)	(179)	(143)	(673)	(156)	(159)	(170)	(177)	(662)	(233)	(223)	(213)	(175)	(844)	(175)	(175)	(175)	(175)	
Purchases of short-term investments		11	11	(200)	(178)	200	(60)		5	145	5	17	27	0	49	0	0	0	0	
Sale of short-term investments					0					0				0	0	0	0	0	0	
Acquisitions				(60)	(60)					0				0	0	0	0	0	0	
Net settlement					0					0				0	0	0	0	0	0	
Other	(12)	(61)	75	(22)	(20)	(31)	(42)	(96)	106	(63)	33	13	(61)	<u>0</u>	(15)	0	0	0	0	
let cash used in investing activities	(180)	(233)	(93)	(425)	(931)	13	(261)	(266)	(66)	(580)	(195)	(193)	(247)	(175)	(810)	(175)	(175)	(175)	(175)	
ash flow from financing activities																				
Term loan borrowing (net)	261	1.703		(3,200)	(1.236)	(724)	(1.020)	(419)	0	(2,163)				0	0	0	0	0	0	
Repurchase of common stock	(55)	(2,527)		2.582	0	(47)	(22)	(172)	(366)	(607)	(469)	(593)	(607)	0	(1,669)	0	0	0	0	
Dividends	()	(50)		(17)	(67)	()	()	()	()	0	()	()	()	0	0	0	0	0	0	
Proceeds from stock option exercise	269	110	42	82	503	101	13	11	6	131	29	11	13	ŏ	53	0	ŏ	ŏ	ő	
Change in restricted cash	200			02	000		.0		Ŭ	0	20		10	ő	0	0 0	ő	Ő	ő	
Other	(265)	261	8	(12)	(8)	7	5	22	(19)	15	3	1	13	0	17	0	0	0	0	
Proceeds from issuance of common	· · · · ·	(85)	(23)	1 A A	(165)		5	22	(13)	0	5		15		0	0		0	0	
ash provided by (used in) financing		(588)	27	(<u>57)</u> (622)		(000)	(4 004)	(558)	(379)		(437)	(581)	(581)	<u>0</u> 0	(1.599)	0	<u>0</u> 0	0	0	
ash provided by (used in) financinį	210	(588)	21	(622)	(973)	(003)	(1,024)	(558)	(379)	(2,624)	(437)	(581)	(581)	U	(1,599)	U	U	U	U	
ffect of exchange rate on cash and ca	(73)	47	(100)	(51)	(177)	(11)	(154)	(137)	112	(190)	11	(1)	(63)	0	(53)	0	0	0	0	
et increase (decrease) in cash and	2,127	1,740	(1,387)	(813)	1,667	2,330	189	(1,958)	(515)	46	2,536	371	(2,266)	(2,519)	(1,878)	(309)	2,115	2,374	(1,634)	
seginning cash and equivalents	4,068	6,195	7,935	6,548	4,068	5,805	8,135	8,324	6,366	5,805	5,851	8,387	8,758	6,492	5,851	3,973	3,663	5,778	8,152	3
inding cash and equivalents	6.195	7,935	6.548	5.735	5.735	8.135	8.324	6.366	5.851	5.851	8.387	8.758	6.492	3.973	3.973	3.663	5.778	8.152	6.517	



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

	Report Date		Price
Report	Date	Rating	Target
39	2/9/2018	Buy	125.00
40	4/27/2018	Buy	135.00
41	7/29/2018	Buy	156.00
42	10/28/2018	Buy	148.00
43	2/8/2019	Buy	152.00
44	5/7/2019	Buy	145.00
45	7/28/2019	Buy	159.00
46	11/13/2019	Buy	115.00
47	2/22/2020	Buy	135.00
48	5/26/2020	Buy	90.00
49	8/8/2020	Buy	92.00
50	12/2/2020	Buy	146.00
51	2/21/2021	Buy	180.00
52	6/10/2021	Buy	200.00
53	9/11/2021	Buy	180.00
54	1/8/2022	Buy	210.00
55	3/24/2022	Buy	221.00
56	6/11/2022	Buy	202.00
57	9/11/2022	Buy	190.00
58	12/16/2022	Buy	141.00
59	3/26/2023	Buy	134.00
60	6/11/2023	Buy	142.00
61	9/16/2023	Buy	133.00

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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.

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				Banking Services .2 months
Rating	Count	Percent	Count	Percent
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	19	37%



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