



# Booking Holdings Inc.

Solid Q2 as travel industry strengthens. 2022 travel outlook above pre-pandemic levels. Lowering P/T to \$2,500.

## COMPANY UPDATE

Rating: BUY

Ticker: BKNG

Price: \$1,981

Target: \$2,500  
(from \$2,555)

**Q2 EPS upside:** Booking recently (on August 3) reported its fiscal Q2 2022 (ending June) results. Revenue was \$4.29 billion (+99% y-o-y), compared to our estimate of \$3.98 billion and consensus of \$4.32 billion. Pro forma EPS was \$19.08, compared to our estimate of \$20.76 and consensus of \$17.56. Q2 general qualitative guidance was that April room nights were +10% vs. 2019's, and that the company will have an operating profit.

**Q2 continued strong rebound:** Gross bookings were \$34.5 billion (+57% y-o-y), compared to our estimate of \$25.2 billion. The company saw solid recovery in most of its business around the world.

**Q2 improvements:** Since the lows in April 2020, the company has seen continual modest but bumpy improvements in travel. The company has seen some strong pockets of business return particularly in domestic travel in the U.S. and Europe. Business, international, and Asia business continues to be weaker, but even these areas are now showing improvements. This is even with COVID still around and current geopolitical issues with Russia/Ukraine.

**Q3 and 2022 above pre-pandemic levels:** In July, room nights were +4% with 2019 with strong growth in the U.S. and Europe. So far, the summer and rest of the year booking trends in Western Europe and the U.S. are higher than they were at the same time in 2019. Q4 bookings are +15% from 2019's so far.

**Q3 guidance:** The company declined to provide any forward guidance, but it did provide Q3 general qualitative guidance that July room nights were +4% vs. 2019's, and that operating profit will be slightly higher than Q3 2019's (EBITDA was \$2,482 million).

**Raising estimates:** We are raising our 2022 estimates for revenue to \$16.6 billion, from \$15.9 billion, and for EPS to \$101.24 from \$95.94. We are raising our 2023 estimates for revenue to \$19.4 billion, from \$18.3 billion, and for EPS to \$118.71 from \$116.13.

**Travel's strong growth:** Like all other travel services providers, Booking 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 Booking has returned to and even above normalized (pre-pandemic) 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.

**Positive risk versus reward:** Despite volatility from the coronavirus (which we believe future impact will be relatively minimal) and macro conditions, we continue to be positive on Booking longer term. We believe longer term, traveling and the travel industry has now returned relatively back to normal and will continue to grow stronger and that Booking 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 lowering our 12-month price target to \$2,500 from \$2,555, which reflects a forward P/E of ~21x our 2023 EPS estimate of \$119. This P/E multiple is about inline with the peer group of online travel companies to reflect about inline normalized earnings growth.

### Company Description

Based in Norwalk, CT, Booking Holdings is a global online travel company that offers airline tickets, hotel rooms, car rentals, and other travel services through its Booking.com, priceline, and Agoda brands.

United States  
Internet Software and Services

September 11, 2022

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### Stock Data

Exchange:	NasdaqGS
52-week Range:	\$1,669 – 2,716
Shares Outstanding (million):	41
Market cap (\$million):	\$81,221
EV (\$million):	\$78,853
Debt (\$million):	\$9,473
Cash (\$million):	\$11,841
Avg. Daily Trading Vol. (\$million):	\$814
Float (million shares):	40
Short Interest (million shares):	1
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	<u>2022E</u> <u>(Cur.)</u>	<u>2022E</u> <u>(Old)</u>	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>
Q1 Mar	2,695A		4,077E	4,389E
Q2 Jun	4,294A	3,984E	4,933E	4,183E
Q3 Sep	5,995E	5,613E	6,404E	5,899E
Q4 Dec	<u>3,617E</u>		<u>3,958E</u>	<u>3,839E</u>
Total	<b>16,600E</b>	<b>15,909E</b>	<b>19,373E</b>	<b>18,310E</b>
EV/Revs	5x		4x	

### Earnings per Share (pro forma)

	<u>2022E</u> <u>(Cur.)</u>	<u>2022E</u> <u>(Old)</u>	<u>2023E</u> <u>(Cur.)</u>	<u>2023E</u> <u>(Old)</u>
Q1 Mar	3.91A		12.62E	14.24E
Q2 Jun	19.08A	20.76E	23.12E	24.12E
Q3 Sep	51.53E	44.68E	52.77E	48.96E
Q4 Dec	<u>26.91E</u>	<u>26.48E</u>	<u>30.10E</u>	<u>28.72E</u>
Total	<b>101.24E</b>	<b>95.94E</b>	<b>118.71E</b>	<b>116.13E</b>
P/E	20x		17x	

### 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 8.

## OVERVIEW

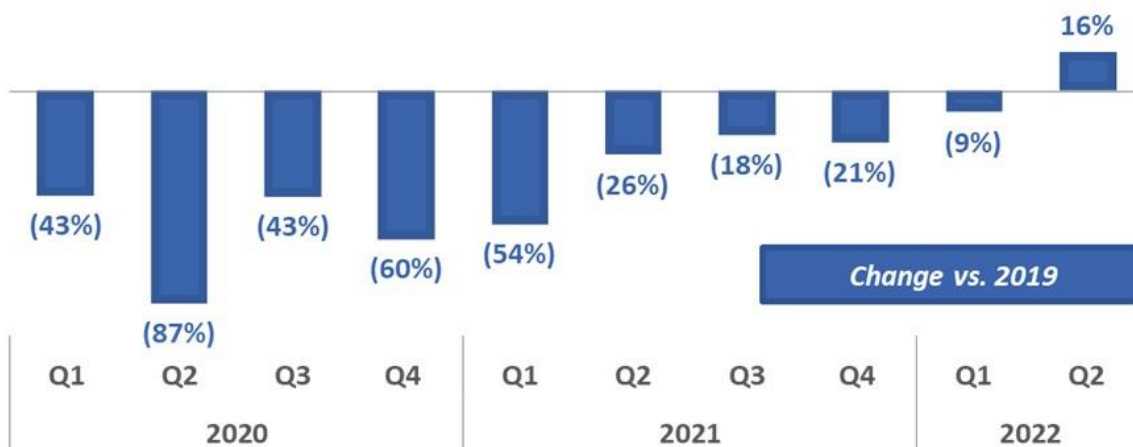
- Booking recently (on August 3) reported its fiscal Q2 2022 (ending June) results.
- Revenue was \$4.29 billion (+99% y-o-y), compared to our estimate of \$3.98 billion and consensus of \$4.32 billion.
- Pro forma EPS was \$19.08, compared to our estimate of \$20.76 and consensus of \$17.56.
- Gross bookings were \$34.5 billion (+57% y-o-y), compared to our estimate of \$25.2 billion.
- EBITDA was \$1,086 million (vs. \$48 million y-o-y), compared to our estimate of \$1,076 million.
- Q2 general qualitative guidance was that April room nights were +10% vs. 2019's, and that the company will have an operating profit.
- Q3 general qualitative guidance is that July room nights were +4% vs. 2019's, and that operating profit will be slightly higher than Q3 2019's (EBITDA was \$2,482 million).
- We are raising our 2022 estimates for revenue to \$16.6 billion, from \$15.9 billion, and for EPS to \$101.24 from \$95.94.
- We are raising our 2023 estimates for revenue to \$19.4 billion, from \$18.3 billion, and for EPS to \$118.71 from \$116.13.

## ADDITIONAL DETAILS

- Growth by product were: Hotels Room Nights +56% (vs. +100% in Q1 2022 and +458% in Q2 2021), Air Tickets +31% (vs. +69% in Q1 2022 and +627% in Q2 2021), and Rental Car Days +22% (vs. +53% in Q1 2022 and +559% in Q2 2021).
- Revenue as a percentage of gross bookings was 12%, compared with our estimate of 16% and 10% last year.
- Operating expenses were \$3.29 billion, versus our expectation of \$3.01 billion.
- Operating income was \$1,000 million, versus our expectation of \$971 million.
- Pro forma net income was \$776 million, versus our expectation of \$857 million.
- In November, Booking agreed to buy hotel wholesaler (a B2B distributor of hotel rooms) Getaroom for \$1.2 billion. The deal closed in December. This deal is expected to have a "small positive impact on P&L" in 2022.
- In November, Booking announced that it has entered into an agreement with funds managed by CVC Capital Partners to acquire global flight booking provider, Etraveli Group, for approximately €1.63 billion. The deal has not yet closed and is expected to close in 2022. This deal is expected to have a "minor impact on P&L" in 2022.

The company's balance sheet remains solid, with \$11.8 billion in cash and \$9.5 billion in debt (~\$58/share in net cash), compared with \$10.5 billion in cash and \$9.8 billion in debt at the end of March.

### Exhibit 1: Quarterly Room Nights Change versus 2019



Source: Company report.

### Exhibit 2: Q3 2022 Guidance (as of August 3, 2022)

#### Outlook

In July 2022, across all of our major regions we saw a moderation in the room night growth rate relative to June 2022, with room nights growing about 4% versus July 2019. Given the continued uncertainty in the near-term environment, we cannot accurately predict the number of room nights that will be booked in the third quarter of 2022. Following from the above, and assuming room night growth for the third quarter of 2022 remains in line with the levels we saw in July 2022, for the third quarter of 2022 we currently expect:

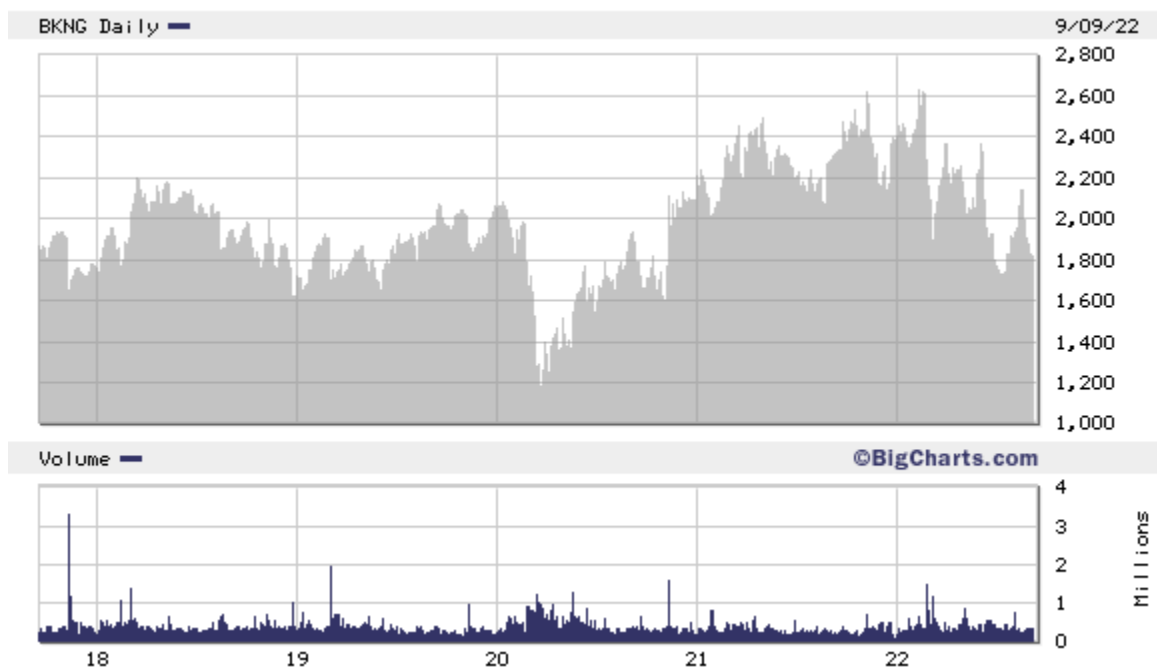
- the change in gross bookings relative to the third quarter of 2019 will be slightly less than 20 percentage points better than the change in room nights relative to the same period, primarily due to an increase in constant currency

accommodation ADRs, partially offset by the negative impact of foreign exchange rate fluctuations, which we expect to be higher than they were in the second quarter of 2022;

- revenues as a percentage of gross bookings will be lower than it was in the third quarter of 2019; and
- operating profit will be slightly higher than the third quarter of 2019, including the negative impact of foreign exchange rate fluctuations.

Source: Company report.

### Exhibit 3: Booking Holdings Stock Price (Five Years)



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

### Exhibit 4: Consensus Expectations (as of August 3, 2022)

	Revenue (mil)			EPS	
	2022E	2023E		2022E	2023E
Q1 Mar	\$2,695A		Q1 Mar	\$3.91A	
Q2 Jun	\$4,318E		Q2 Jun	\$17.56E	
Q3 Sep	\$6,354E		Q3 Sep	\$54.05E	
Q4 Dec			Q4 Dec		
Total	\$17,351E	\$19,980E	Total	\$99.23E	\$128.56E

\*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**

**Booking Holdings 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	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Total Revenue</b>	<b>2,288</b>	<b>630</b>	<b>2,640</b>	<b>1,238</b>	<b>6,796</b>	<b>1,141</b>	<b>2,160</b>	<b>4,676</b>	<b>2,981</b>	<b>10,958</b>	<b>2,695</b>	<b>4,294</b>	<b>5,995</b>	<b>3,617</b>	<b>16,600</b>	<b>4,077</b>	<b>4,933</b>	<b>6,404</b>	<b>3,958</b>	<b>19,373</b>
<b>Cost of Revenues</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gross Profit	2,288	630	2,640	1,238	6,796	1,141	2,160	4,676	2,981	10,958	2,695	4,294	5,995	3,617	16,600	4,077	4,933	6,404	3,958	19,373
Advertising - brand					0					0					0					0
Marketing expenses	851	211	731	386	2,179	461	988	1,378	974	3,801	1,147	1,737	1,529	940	5,353	1,345	1,529	1,601	990	5,465
Sales and other	377	131	129	118	755	112	206	302	261	881	339	465	480	325	1,609	408	543	704	435	2,090
Personnel	484	452	517	491	1,944	552	686	591	485	2,314	596	635	899	615	2,745	1,142	1,085	897	594	3,717
General and administrative	201	104	148	128	581	119	134	179	188	620	158	207	300	253	918	367	444	320	277	1,408
IT	78	70	71	80	299	87	93	109	123	412	134	137	180	108	559	163	148	192	119	622
Depreciation and amortization	117	112	115	114	458	113	108	102	98	421	111	107	105	105	428	105	105	105	105	420
Restructuring and other	489	34	614	74	1,211	8	1		4	13	36	6		42						0
Total operating expenses	2,597	1,114	2,325	1,391	7,427	1,452	2,216	2,661	2,133	8,462	2,521	3,294	3,492	2,347	11,654	3,530	3,854	3,819	2,520	13,723
<b>Operating income (loss)</b>	<b>(309)</b>	<b>(484)</b>	<b>315</b>	<b>(153)</b>	<b>(631)</b>	<b>(311)</b>	<b>(56)</b>	<b>2,015</b>	<b>848</b>	<b>2,496</b>	<b>174</b>	<b>1,000</b>	<b>2,503</b>	<b>1,269</b>	<b>4,946</b>	<b>547</b>	<b>1,079</b>	<b>2,585</b>	<b>1,439</b>	<b>5,650</b>
Interest income (expense)	(32)	(84)	(93)	(98)	(307)	(98)	(81)	(80)	(75)	(334)	(68)	(76)	(64)	(66)	(273)	(65)	(64)	(64)	(63)	(256)
Other income (expense)	(381)	777	613	496	1,505	131	96	(967)	43	(697)	(955)	220	0	0	(735)	0	0	0	0	0
Income before income taxes	(722)	209	835	245	567	(278)	(41)	968	816	1,465	(849)	1,144	2,439	1,204	3,938	483	1,015	2,521	1,375	5,394
Income taxes	(23)	87	34	410	508	(223)	126	199	198	300	(149)	287	463	229	830	92	193	479	261	1,025
Net income (loss)	(699)	122	801	(165)	59	(55)	(167)	769	618	1,165	(700)	857	1,976	975	3,108	391	822	2,042	1,114	4,369
Nonrecurring/noncash adjustments	855	(565)	(297)	142	135	(160)	63	790	37	728	861	(81)	125	125	1,030	125	125	125	125	500
<b>Net income</b>	<b>156</b>	<b>(443)</b>	<b>504</b>	<b>(24)</b>	<b>194</b>	<b>(215)</b>	<b>(105)</b>	<b>1,559</b>	<b>655</b>	<b>1,893</b>	<b>161</b>	<b>776</b>	<b>2,101</b>	<b>1,100</b>	<b>4,138</b>	<b>516</b>	<b>947</b>	<b>2,167</b>	<b>1,239</b>	<b>4,869</b>
EBITDA	290	(376)	1,003	(38)	879	(195)	48	2,111	940	2,904	310	1,086	2,608	1,374	5,378	652	1,184	2,690	1,544	6,070
Shares, Basic	41.1	40.9	40.9	40.9	41.0	41.0	41.1	41.1	41.1	41.0	40.9	40.5	40.6	40.7	40.7	40.6	40.7	40.8	40.9	40.8
Shares, Diluted	41.4	40.9	41.1	40.9	41.2	41.0	41.1	41.3	41.4	41.4	41.2	40.7	40.8	40.9	40.9	40.9	41.0	41.1	41.2	41.0
EPS Basic (Pro forma)	\$3.80	(\$10.81)	\$12.31	(\$0.57)	\$4.73	(\$5.26)	(\$2.55)	\$37.96	\$15.94	\$46.13	\$3.94	\$19.15	\$51.73	\$27.02	\$101.69	\$12.70	\$23.26	\$53.09	\$30.29	\$119.44
EPS Diluted (Pro forma)	\$3.77	(\$10.81)	\$12.27	(\$0.57)	\$4.71	(\$5.26)	(\$2.55)	\$37.70	\$15.83	\$45.77	\$3.91	\$19.08	\$51.53	\$26.91	\$101.24	\$12.62	\$23.12	\$52.77	\$30.10	\$118.71
<b>Income Statement Ratios</b>																				
Gross margin	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Advertising - brand	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Advertising - performance	37.2%	33.5%	27.7%	31.2%	32.1%	40.4%	45.7%	29.5%	32.7%	34.7%	42.6%	40.5%	25.5%	26.0%	32.2%	33.0%	31.0%	25.0%	25.0%	28.2%
Sales and marketing	16.5%	20.8%	4.9%	9.5%	11.1%	9.8%	9.5%	6.5%	8.8%	8.0%	12.6%	10.8%	8.0%	9.0%	9.7%	10.0%	11.0%	11.0%	11.0%	10.8%
Personnel	21.2%	71.7%	19.6%	39.7%	28.6%	48.4%	31.8%	12.6%	16.3%	21.1%	22.1%	14.8%	15.0%	17.0%	16.5%	28.0%	22.0%	14.0%	15.0%	19.2%
General and administrative	8.8%	16.5%	5.6%	10.3%	8.5%	10.4%	6.2%	3.8%	6.3%	5.7%	5.9%	4.8%	5.0%	7.0%	5.5%	9.0%	9.0%	5.0%	7.0%	7.3%
IT	3.4%	11.1%	2.7%	6.5%	4.4%	7.6%	4.3%	2.3%	4.1%	3.8%	5.0%	3.2%	3.0%	3.0%	3.4%	4.0%	3.0%	3.0%	3.0%	3.2%
Operating margin	-13.5%	-76.8%	11.9%	-12.4%	-9.3%	-27.3%	-2.6%	43.1%	28.4%	22.8%	6.5%	23.3%	41.7%	35.1%	29.8%	13.4%	21.9%	40.4%	36.3%	29.2%
Tax rate, GAAP	3.2%	41.6%	4.1%	167.3%	89.6%	80.2%	-307.3%	20.6%	24.3%	20.5%	17.6%	25.1%	19.0%	19.0%	21.1%	19.0%	19.0%	19.0%	19.0%	19.0%
Net margin	-30.6%	19.4%	30.3%	-13.3%	0.9%	-4.8%	-7.7%	16.4%	20.7%	10.6%	-26.0%	20.0%	33.0%	27.0%	18.7%	9.6%	16.7%	31.9%	28.1%	22.6%
<b>YY % change</b>																				
Total Revenue	-20.8%	-83.6%	-47.6%	-62.9%	-55.0%	-50.1%	242.9%	77.1%	140.8%	61.2%	136.2%	98.8%	28.2%	21.3%	51.5%	51.3%	14.9%	6.8%	9.4%	16.7%
Gross margin	-20.8%	-83.6%	-47.6%	-62.9%	-55.0%	-50.1%	242.9%	77.1%	140.8%	61.2%	136.2%	98.8%	28.2%	21.3%	51.5%	51.3%	14.9%	6.8%	9.4%	16.7%
Advertising - brand	-100.0%	-100.0%	-100.0%	-100.0%	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Advertising - performance	-17.4%	-82.3%	-43.4%	-57.4%	-50.7%	-45.8%	368.2%	88.5%	152.3%	74.4%	148.8%	75.8%	10.9%	-3.5%	40.8%	17.3%	-12.0%	4.7%	5.2%	2.1%
Sales and marketing	75.3%	-47.2%	-53.3%	-45.4%	-20.9%	-70.3%	57.3%	134.1%	121.2%	16.7%	202.7%	125.7%	58.8%	24.7%	82.6%	20.3%	16.7%	46.9%	33.8%	29.9%
Personnel	-3.4%	-27.0%	-8.7%	-12.6%	-13.5%	14.0%	51.8%	14.3%	-1.2%	19.0%	8.0%	-7.4%	52.2%	26.8%	18.6%	91.5%	70.9%	-0.3%	-3.4%	35.4%
General and administrative	5.2%	-42.2%	-34.2%	-36.3%	-27.1%	-40.8%	28.8%	20.9%	46.9%	6.7%	32.8%	54.5%	67.5%	34.7%	48.0%	132.2%	114.5%	6.8%	9.4%	53.4%
IT	20.0%	0.0%	0.0%	1.3%	4.9%	11.5%	32.9%	53.5%	53.8%	37.8%	54.0%	47.3%	65.0%	-11.8%	35.8%	21.7%	8.0%	6.8%	9.4%	11.2%
Operating income (loss)	NM	NM	-86.7%	NM	NM	NM	NM	NM	NM	NM	NM	NM	24.2%	49.7%	98.2%	214.5%	7.9%	3.3%	13.3%	14.2%
Net income (loss)	NM	-87.5%	-58.9%	NM	-98.8%	NM	NM	-4.0%	NM	NM	NM	NM	156.9%	57.7%	166.8%	NM	-4.1%	3.3%	14.3%	40.6%
EPS Diluted (Pro forma)	-66.2%	NM	-73.0%	NM	-95.4%	NM	NM	207.3%	NM	NM	NM	NM	36.7%	70.1%	121.2%	222.8%	21.1%	2.4%	11.8%	17.3%

Source: Company reports and Ascendant Capital Markets estimates

Booking Holdings 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	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	\$6,363	\$10,404	\$11,197	\$10,562	\$12,151	\$11,231	\$11,643	\$11,127	\$10,549	\$11,841	\$8,469	\$10,138	\$10,926	\$11,250	\$12,508	\$14,091
Short term investments	826			501	500	501	522	25			0	0	0	0	0	0
Restricted cash											0	0	0	0	0	0
Accounts receivable, net	667	566	859	529	586	1,290	1,555	1,358	1,611	2,249	1,732	804	1,132	1,425	1,850	880
Prepaid expenses and other current assets	1,404	483	527	614	871	767	632	635	715	834	240	289	285	247	256	317
Deferred income taxes											0	0	0	0	0	0
Total current assets	9,260	11,453	12,583	12,206	14,108	13,789	14,352	13,145	12,875	14,924	10,441	11,232	12,344	12,922	14,614	15,287
Property and equipment, net	720	736	744	756	734	748	762	822	844	858	907	933	959	1,289	1,315	1,645
Intangibles, net	4,288	4,277	3,703	3,707	3,644	3,611	3,549	4,944	4,875	4,767	4,722	4,677	4,632	4,587	4,542	4,497
Deferred income taxes											0	0	0	0	0	0
Long term investments	2,056	2,946	3,672	3,759	3,788	4,319	3,283	3,175	2,200	2,381	2,381	2,381	2,381	2,381	2,381	2,381
Other	1,538	1,500	1,443	1,446	1,381	1,414	1,395	1,555	1,590	1,563	1,563	1,563	1,563	1,563	1,563	1,563
<b>Total assets</b>	<b>17,862</b>	<b>20,912</b>	<b>22,145</b>	<b>21,874</b>	<b>23,655</b>	<b>23,881</b>	<b>23,341</b>	<b>23,641</b>	<b>22,384</b>	<b>24,493</b>	<b>20,014</b>	<b>20,786</b>	<b>21,879</b>	<b>22,742</b>	<b>24,415</b>	<b>25,373</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	926	581	1,114	735	570	1,028	1,466	1,586	1,504	2,240	719	434	571	740	769	475
Accrued expenses	1,255	1,445	1,388	1,382	1,350	1,620	2,069	1,765	1,876	2,364	1,199	1,085	1,631	1,233	1,281	1,187
Deferred merchant	960	910	487	323	643	1,896	1,086	906	2,765	4,395	599	796	815	1,085	640	871
Income tax payable and other																
Convertible/short term debt	995	973	979	985	3,905	2,180	1,158	1,989	1,333	1,283	1,283	1,283	1,283	1,283	1,283	1,283
Total current liabilities	4,136	3,909	3,968	3,425	6,468	6,724	5,779	6,246	7,478	10,282	3,801	3,598	4,300	4,342	3,973	3,816
Deferred income taxes	786	931	1,006	2,050	2,034	1,107	906	905	721	805	805	805	805	805	805	805
Other long term liabilities	1,552	1,440	1,429	477	459	1,260	1,235	1,375	1,377	1,214	1,214	1,214	1,214	1,214	1,214	1,214
Convertible/long term debt	7,557	10,633	10,829	11,029	9,930	9,991	9,876	8,937	8,435	8,190	8,190	8,190	8,190	8,190	8,190	8,190
Minority interest											0	0	0	0	0	0
Total other liabilities	9,895	13,004	13,264	13,556	12,423	12,358	12,017	11,217	10,533	10,209	10,209	10,209	10,209	10,209	10,209	10,209
Common stock											0	0	0	0	0	0
Treasury Stock	(24,115)	(24,119)	(24,123)	(24,128)	(24,274)	(24,283)	(24,286)	(24,290)	(25,390)	(26,664)	(26,664)	(26,664)	(26,664)	(26,664)	(26,664)	(26,664)
Additional paid-in capital	5,758	5,699	5,779	5,851	5,965	6,059	6,068	6,159	6,163	6,278	6,278	6,278	6,278	6,278	6,278	6,278
Retained earnings	22,530	22,652	23,453	23,288	23,233	23,066	23,835	24,453	23,783	24,640	26,616	27,591	27,981	28,803	30,845	31,959
Accumulated other comprehensive (loss) income	(342)	(233)	(196)	(118)	(160)	(43)	(72)	(144)	(183)	(252)	(252)	(252)	(252)	(252)	(252)	(252)
Other											26	26	26	26	26	26
Total stockholders' equity	3,831	3,999	4,913	4,893	4,764	4,799	5,545	6,178	4,373	4,002	6,004	6,979	7,370	8,192	10,234	11,348
Total stockholders' equity and liabilities	\$17,862	\$20,912	\$22,145	\$21,874	\$23,655	\$23,881	\$23,341	\$23,641	\$22,384	\$24,493	\$20,014	\$20,786	\$21,879	\$22,742	\$24,415	\$25,373

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	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid as % of total rev	61%	77%	20%	50%	76%	36%	14%	21%	27%	19%	4%	8%	7%	5%	4%	8%
Deferred Merchant as % of total rev	42%	144%	18%	26%	56%	88%	23%	30%	103%	102%	10%	22%	20%	22%	10%	22%
Accounts payable as % of total rev	40%	92%	42%	59%	50%	48%	31%	53%	56%	52%	12%	12%	14%	15%	12%	12%
Accrued expenses as % of total rev	55%	229%	53%	112%	118%	75%	44%	59%	70%	55%	20%	30%	40%	25%	20%	30%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	26	81	29	38	46	54	30	41	54	47	26	20	25	26	26	20
Deferred Merchant (w/ Revenue)	38	130	17	23	51	79	21	27	92	92	9	20	18	20	9	20
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	\$92.64	\$97.72	\$119.59	\$119.50	\$116.27	\$116.89	\$134.10	\$149.33	\$106.16	\$98.41	\$147.28	\$170.78	\$180.34	\$200.46	\$249.81	\$276.33
Cash per Share (diluted)	\$173.85	\$254.24	\$272.56	\$270.20	\$308.76	\$285.77	\$294.20	\$269.56	\$256.10	\$291.18	\$207.76	\$248.10	\$267.36	\$275.31	\$305.33	\$343.13
Net cash per Share (diluted)	(\$32.96)	(\$29.37)	(\$14.87)	(\$23.23)	(\$28.90)	(\$10.69)	\$27.35	\$5.46	\$18.96	\$58.23	(\$24.62)	\$16.29	\$35.55	\$43.50	\$74.09	\$112.45

Source: Company reports and Ascendant Capital Markets estimates

**Booking Holdings Inc.**

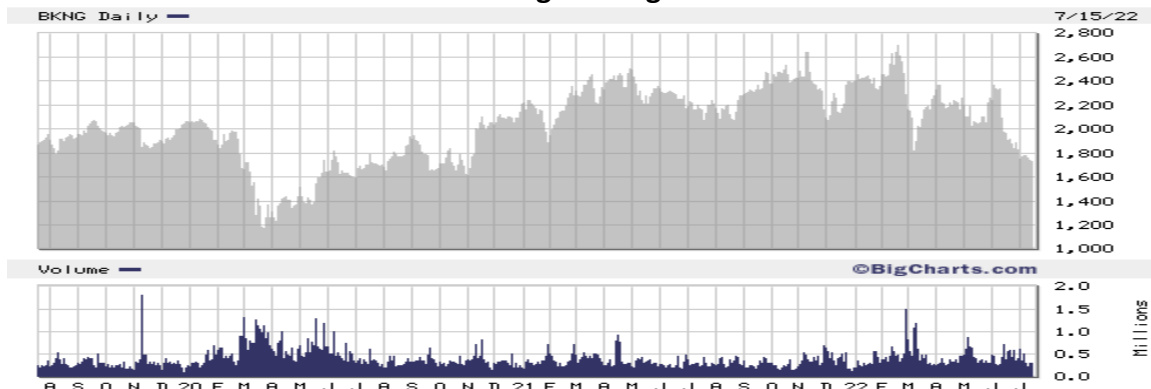
Cash Flow Statement (\$ millions)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Cash flow from operating activities</b>																				
Net income	(\$699)	\$122	\$801	(\$165)	\$59	(\$55)	(\$167)	\$769	\$618	\$1,165	(\$700)	\$857	\$1,976	\$975	\$3,108	\$391	\$822	\$2,042	\$1,114	\$4,369
Depreciation	117	112	115	114	458	113	108	102	98	421	111	107	60	60	338	60	60	60	60	240
Amortization					0	45	46	(91)	0	0			45	45	90	45	45	45	45	180
Provision for accounts receivable	262	60	(15)	12	319	37	51	21	21	109	55	58			113					0
Deferred income taxes	(97)	108	90	112	213	(50)	(70)	(223)	(102)	(445)	(216)	51	0	0	(165)	0	0	0	0	0
Stock comp	11	83	85	76	255	113	91	86	86	376	93	108	65	65	331	65	65	65	65	260
Amortization of financing	14	19	15	16	64	16	14	14	10	54					0					0
Tax benefit of stock option exercises					0					0					0					0
Other gains/losses	896	(835)	(157)	(553)	(649)	(32)	(153)	1,016	(20)	811	987	(181)			806					0
FX gains/losses	(33)	55	117	61	200	(91)	37	(54)	(27)	(135)	(30)	(38)			(68)					0
Other	48	46	43	49	186	(4)	21	135	43	195	69	52	(65)	(65)	(9)	(65)	(65)	(65)	(65)	(260)
Changes in operating assets and liabilities:																				
Accounts receivable	760	45	(251)	337	891	(72)	(748)	(352)	170	(1,002)	(326)	(790)	517	928	329	(329)	(293)	(425)	971	(76)
Prepaid expenses & other current assets	(445)	693	(18)	(69)	161	(258)	85	138	41	6	(56)	(125)	594	(50)	364	4	39	(10)	(60)	(27)
Accounts payable & accrued expenses	(1,135)	(432)	(26)	(673)	(2,266)	114	1,859	110	(544)	1,539	1,868	2,993	(6,481)	(203)	(1,823)	702	42	(369)	(157)	219
Income tax payable and other	(79)	46	121	106	194	(46)	(8)	(105)	(115)	(274)	(160)	(408)	0	0	(568)	0	0	0	0	0
<b>Net cash (used in) provided by operating activities</b>	<b>(380)</b>	<b>122</b>	<b>920</b>	<b>(577)</b>	<b>85</b>	<b>(207)</b>	<b>1,152</b>	<b>1,596</b>	<b>279</b>	<b>2,820</b>	<b>1,695</b>	<b>2,684</b>	<b>(3,289)</b>	<b>1,755</b>	<b>2,845</b>	<b>873</b>	<b>715</b>	<b>1,344</b>	<b>1,973</b>	<b>4,904</b>
<b>Cash flow from investing activities</b>																				
Purchases of property and equipment	(80)	(70)	(72)	(64)	(286)	(65)	(59)	(79)	(101)	(304)	(109)	(86)	(109)	(86)	(390)	(86)	(390)	(86)	(390)	(952)
Purchases of short-term investments	(72)			(2)	(74)	(7)			498	491	(12)				(12)					0
Sale of short-term investments	1,885	1,112			2,997					0					0					0
Acquisitions					0				(1,185)	(1,185)					0					0
Other	0	0			0	0	(5)		5	0		(36)			(36)	0	0	0	0	0
<b>Net cash used in investing activities</b>	<b>1,733</b>	<b>1,042</b>	<b>(72)</b>	<b>(66)</b>	<b>2,637</b>	<b>(65)</b>	<b>(71)</b>	<b>(79)</b>	<b>(783)</b>	<b>(998)</b>	<b>(121)</b>	<b>(122)</b>	<b>(109)</b>	<b>(86)</b>	<b>(438)</b>	<b>(86)</b>	<b>(390)</b>	<b>(86)</b>	<b>(390)</b>	<b>(952)</b>
<b>Cash flow from financing activities</b>																				
Issuance of debt		4,164	(56)		4,108	2,015	(10)		10	2,015					0					0
Repayment of debt		(1,282)		38	(1,244)		(1,982)	(1,086)		(3,068)	(1,102)				(1,102)	0	0	0	0	0
Repurchase of common stock	(1,281)	(13)	(5)	(4)	(1,303)	(137)	(13)	(9)	(4)	(163)	(1,049)	(1,239)			(2,288)	0	0	0	0	0
Proceeds from stock option exercises					0					0					0					0
Other		5		(38)	(33)	(9)	(2)	(1)	(11)	(23)	12	1			13					0
Proceeds from issuance of common stock					0					0					0	0	0	0	0	0
<b>Cash provided by (used in) financing activities</b>	<b>(1,281)</b>	<b>2,874</b>	<b>(61)</b>	<b>(4)</b>	<b>1,528</b>	<b>1,869</b>	<b>(2,007)</b>	<b>(1,096)</b>	<b>(5)</b>	<b>(1,239)</b>	<b>(2,139)</b>	<b>(1,238)</b>	<b>0</b>	<b>0</b>	<b>(3,377)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Effect of exchange rate on cash and cash equivalents	(21)	2	7	12	0	(7)	6	(10)	(2)	(13)	(9)	(35)			(44)					0
<b>Net increase (decrease) in cash and equivalents</b>	<b>51</b>	<b>4,040</b>	<b>794</b>	<b>(635)</b>	<b>4,250</b>	<b>1,590</b>	<b>(920)</b>	<b>411</b>	<b>(511)</b>	<b>570</b>	<b>(574)</b>	<b>1,289</b>	<b>(3,398)</b>	<b>1,669</b>	<b>(1,014)</b>	<b>787</b>	<b>325</b>	<b>1,258</b>	<b>1,583</b>	<b>3,952</b>
Beginning cash and equivalents	6,332	6,383	10,423	11,217	6,332	10,582	12,172	11,252	11,663	10,582	11,152	10,578	11,867	8,469	11,152	10,138	10,926	11,250	12,508	10,138
<b>Ending cash and equivalents</b>	<b>\$6,383</b>	<b>\$10,423</b>	<b>\$11,217</b>	<b>\$10,582</b>	<b>\$10,582</b>	<b>\$12,172</b>	<b>\$11,252</b>	<b>\$11,663</b>	<b>\$11,152</b>	<b>\$11,152</b>	<b>\$10,578</b>	<b>\$11,867</b>	<b>\$8,469</b>	<b>\$10,138</b>	<b>\$10,138</b>	<b>\$10,926</b>	<b>\$11,250</b>	<b>\$12,508</b>	<b>\$14,091</b>	<b>\$14,091</b>

Source: Company reports and Ascendant Capital Markets estimates

## ANALYST CERTIFICATION

Each analyst hereby certifies that the views expressed in this report reflect the analyst’s personal views about the subject securities or issuers. Each analyst also certifies that no part of the analyst’s compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The analyst who prepared this report is compensated based upon the overall profitability of Ascendant Capital Markets, LLC, which may, from time to time, include the provision of investment banking, financial advisory and consulting services. Compensation for research is based on effectiveness in generating new ideas for clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

### Booking Holdings Inc.



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

Report	Date	Rating	Price Target
32	2/28/2018	B	2,250.00
33	5/10/2018	B	2,350.00
34	8/11/2018	B	2,200.00
35	11/7/2018	B	2,275.00
36	3/1/2019	B	2,050.00
37	5/14/2019	B	2,000.00
38	8/9/2019	B	2,250.00
39	11/12/2019	B	2,150.00
40	2/27/2020	B	1,950.00
41	5/26/2020	B	1,900.00
42	8/7/2020	B	2,000.00
43	12/2/2020	B	2,400.00
44	2/26/2021	B	2,600.00
45	6/10/2021	B	2,700.00
46	9/11/2021	B	2,750.00
47	1/8/2022	B	2,800.00
48	3/23/2022	B	2,850.00
49	6/11/2022	B	2,555.00

- Ascendant Capital Markets, LLC has not received compensation for advisory or investment banking services from the company in the past 12 months.

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### Risks & Considerations

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.

### Ascendant Capital Markets, LLC Rating System

**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.

### Ascendant Capital Markets, LLC Distribution of Investment Ratings (as of July 14, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	15	37%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	15	36%

### 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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