



# Travelzoo

Q2 about inline, and expect continued 2024 growth. Strong travel industry growth should drive solid 2024. Raising P/T to \$18.

## COMPANY UPDATE

Rating: BUY

Ticker: TZOO

Price: \$11.87

Target: \$18.00 (from \$17)

**Q2 about inline:** Travelzoo recently (on July 25) reported its fiscal Q2 2024 (ending June) results. Revenue was \$21 million (+0% y-o-y), compared with our and consensus estimates of \$22 million. Pro forma EPS was \$0.29 (vs. \$0.23 y-o-y), compared with our estimates of \$0.29 and consensus of \$0.22. There was no specific Q2 2024 guidance, but the company did qualitatively state that Q2 will have “growth” in revenue but “smaller pace than 2023”.

**Strong profits in Europe:** Europe had significant improvement in operating profits y-o-y.

**Increasing demand for Travelzoo:** When travel suppliers were selling out at very high prices in early 2022, this negatively impacted their demand for Travelzoo’s advertising. However, the company stated that since then (Q4 2022), travel demand and travel supply and prices are returning to more normal rates and patterns. This return to normal is also good for Travelzoo’s business to promote travel deals.

**Subscribers about flat:** In Q2, the company had 16.1 million North American, and 9.2 million European subscribers to its newsletter (compared with 16.2 million and 9.2 million, respectively, last quarter). In Q2, Jack’s Flight Club had 2.2 million subscribers versus 2.4 million in Q1.

**Q3 guidance for growth:** There was no specific Q3 2024 guidance, but qualitatively Q3 will have “growth” in revenue but “smaller pace than 2023”.

**Lowering 2024 estimates:** We are lowering our 2024 estimates for revenue to \$87 million, from \$89 million, and for EPS to \$1.10 from \$1.12. We are maintaining our 2025 estimates for revenue of \$100 million, and for EPS of \$1.26.

**Travel industry outlook positive:** The company’s near term outlook is positive which is similar to the travel industry (airlines and hotels) which has recovered from the pandemic and is now experiencing strong growth. We are seeing continued strong positive data for the U.S. and global travel industry that indicate that the travel industry has recovered strongly to prepandemic levels and now is growing even higher.

**Major cost cuts improves profitability:** Travelzoo’s “substantial” expense reductions in 2020 and its divestiture of its money losing Asia business in Q1 2020 has positioned it to generate much higher profitability as revenue returns (as it is demonstrating now).

**New membership fee:** In December 2023, Travelzoo announced a new membership fee of \$40/year to be a new or existing subscriber to its newsletter (which had previously been free). This fee is waived in 2024 for existing subscribers, but is expected to grow strongly in 2025.

**Long term positive:** We believe that execution of its long term plan, a strong rebound/long term travel industry, and a positive long-term growth outlook bodes well for its share price to increase longer term.

**Current valuation attractive:** We are maintaining our BUY rating, but raising our 12-month P/T to \$18 from \$17, which is based on a ~14x P/E multiple on our 2025 EPS estimate of \$1.26 which we estimate is its long term EPS growth rate. We believe this appropriately balances out the company’s risks with its high growth prospects and large upside opportunities.

### Company Description

Based in New York, Travelzoo publishes emails offering travel-related specials and travel and entertainment local deals.

United States  
Internet Software and Services

August 17, 2024

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### Stock Data

Exchange:	NasdaqGS
52-week Range:	\$4.77 – 12.12
Shares Outstanding (million):	13
Market cap (\$million):	\$154
EV (\$million):	\$141
Debt (\$million):	\$0
Cash (\$million):	\$13
Avg. Daily Trading Vol. (\$million):	\$1
Float (million shares):	7
Short Interest (million shares):	0.1
Dividend, annual (yield):	\$0 (NA%)

### Revenues (US\$ million)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Mar	22A		24E	23E
Q2 Jun	21A	22E	24E	25E
Q3 Sep	21E		25E	24E
Q4 Dec	22E	24E	26E	27E
Total	87E	89E	100E	
EV/Revs	1.6x		1.4x	

### Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old)	2025E (Cur.)	2025E (Old)
Q1 Mar	0.34A		0.29E	0.28E
Q2 Jun	0.29A	0.29E	0.25E	0.32E
Q3 Sep	0.25E		0.34E	0.27E
Q4 Dec	0.21E	0.29E	0.38E	0.39E
Total	\$1.10E	\$1.12E	\$1.26E	
P/E	11x		9x	

### 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**

- Travelzoo recently (on July 25) reported its fiscal Q2 2024 (ending June) results.
- Revenue was \$21 million (+0% y-o-y), compared with our and consensus estimates of \$22 million.
- Pro forma EPS was \$0.29 (excluding \$0.06 in stock option expenses and other special charges) (vs. \$0.23 y-o-y), compared with our estimates of \$0.29 and consensus of \$0.22.
- There was no specific Q2 2024 guidance, but the company did qualitatively state that Q2 will have “growth” in revenue but “smaller pace than 2023”.
- The company did not provide specific Q3 2024 guidance, but did qualitatively state that Q3 will have “growth” in revenue but “smaller pace than 2023”.
- We are lowering our 2024 estimates for revenue to \$87 million, from \$89 million, and for EPS to \$1.10 from \$1.12.
- We are maintaining our 2025 estimates for revenue of \$100 million, and for EPS of \$1.26.

### **ADDITIONAL DETAILS**

- Gross profit for the quarter was \$19 million, compared with our estimate of \$19 million.
  - Gross margin for the quarter was 88%, versus 86% last year and our expectation of 88%.
  - Operating expenses were \$15 million, versus our expectation of \$15 million.
  - Operating income was \$4.0 million, versus our expectation of \$4.9 million.
  - Pro forma net income was \$3.8 million, versus our expectation of \$3.9 million.
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- In Q2, the company had 16.1 million North American, and 9.2 million European subscribers to its newsletter (compared with 16.2 million and 9.2 million, respectively, last quarter). This brings total subscribers to 25.3 million (compared with 25.4 million in Q1). This does not count Asia subscribers (where it licenses its name) of 3.3 million vs 2.7 million last quarter.
  - In Q2, Jack’s Flight Club had 2.2 million subscribers versus 2.4 million in Q1.
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- In August 2022, the company appointed Wayne Lee as CFO. Mr. Lee previously served as Travelzoo’s Chief Financial Officer from 2005 to 2011. At the time, the company did not have a CFO.
  - In December 2022, the company purchased Metaverse Travel Experiences, Inc. from a company controlled by its largest shareholder (Ralph Bartel) for ~\$15 million (through the issuance of 3.41 million shares valued at the then current market price of \$4.40). Travelzoo acquired Metaverse Travel Experiences, Inc. and will also receive \$1 million in cash at closing and a \$4.8 million note (due June 2023).
  - In March 2023, Wayne Lee’s consulting and CFO agreement with the company expired. The company has designated Ms. Lijun Qi, Finance Director, to act as principal accounting officer while the search for a new Chief Financial Officer is performed.

The company’s balance sheet is solid with \$13 million in cash (~\$1/share) and no debt, compared with \$16 million in cash and no debt as of March (especially considering its recent large share repurchase).

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**Exhibit 1: Q3 2024 Guidance and Management Focus (as of July 25, 2024)**

**Looking Ahead**

For Q3 2024, we expect growth in revenue year-over-year, albeit at a smaller pace than in 2023. However, there could be unexpected fluctuations. We also expect for Q3 2024 higher profitability year-over-year. For 2025, we expect substantial growth in revenue as a result of additional revenue from membership fees.

In December 2023, we announced the introduction of a membership fee for Travelzoo beginning January 1, 2024. We recognize membership fee revenue ratably over the subscription period. Legacy Travelzoo members as of December 31, 2023, which represent more than 95% of members, are exempt from the fee during 2024. Therefore, we do not anticipate membership fee revenue from these members before 2025.

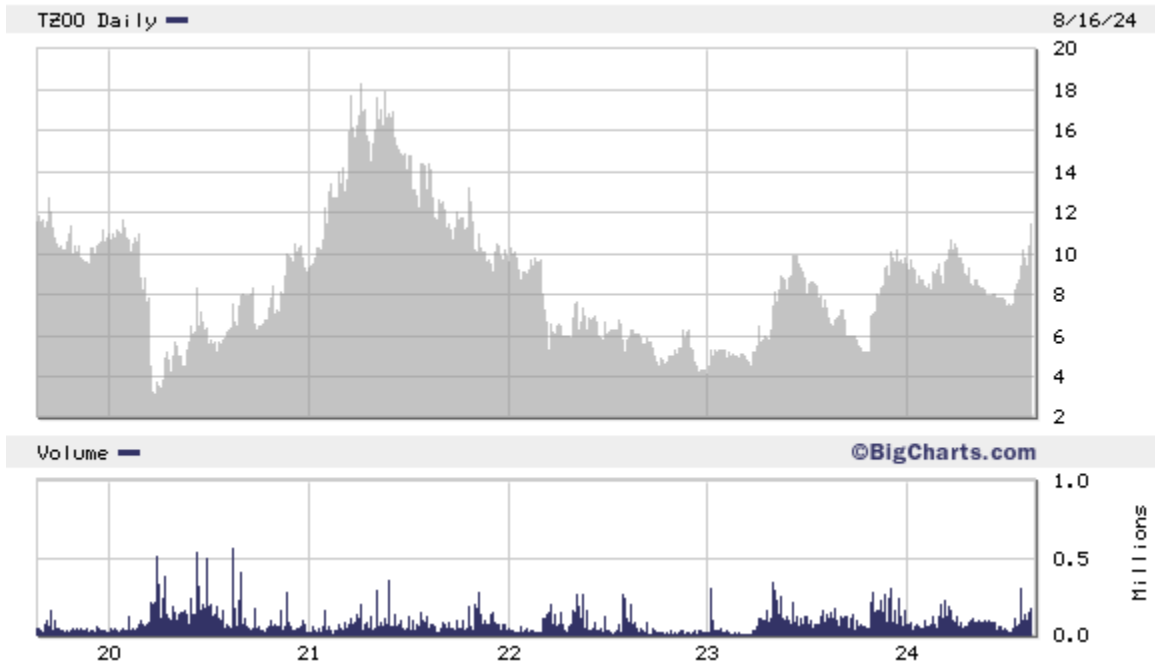
## Management focus

- Convert a large number of legacy members\*, which represent more than 95% of members, into (paying) members as of January 1, 2025
- Add new benefits to the paid membership
- Retain, and grow, our profitable advertising business from the popular Top 20<sup>®</sup> product
- Utilize higher operating margins to increase EPS.
- Grow Jack's Flight Club's profitable subscription revenue
- Develop Travelzoo META with discipline

Source: Company report

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**Exhibit 2: Travelzoo Stock Price (Five Years)**



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

**Exhibit 3: Consensus Expectations (as of July 25, 2024)**

	Revenue (mils)			EPS	
	2024E	2025E		2024E	2025E
Q1 Mar	\$22A		Q1 Mar	\$0.34A	
Q2 Jun	\$22E		Q2 Jun	\$0.22E	
Q3 Sep	\$21E		Q3 Sep	\$0.18E	
Q4 Dec			Q4 Dec		
<b>Total</b>	<b>\$88E</b>	<b>\$95E</b>	<b>Total</b>	<b>\$0.99E</b>	<b>\$1.13E</b>

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

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

## FINANCIAL MODEL

### Travelzoo

Income Statement (\$ mils)	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	Mar-25	Jun-25	Sep-25	Dec-25	2025
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>Revenue</b>	18.5	17.7	15.8	18.6	70.6	21.6	21.1	20.6	21.1	84.5	22.0	21.1	21.3	22.2	86.6	24.3	23.7	25.4	26.4	99.8
Cost of Revenues	2.8	2.2	2.3	2.7	10.0	2.7	2.9	2.7	2.7	10.9	2.6	2.5	3.0	3.1	11.3	3.7	3.6	3.8	4.0	15.0
Gross Profit	15.6	15.5	13.5	15.9	60.6	18.9	18.2	17.9	18.5	73.5	19.3	18.6	18.3	19.1	75.4	20.7	20.1	21.6	22.4	84.8
Operating expenses:																				
Sales and marketing	8.6	8.5	8.5	7.5	33.1	9.3	10.1	9.8	8.5	37.8	8.6	9.4	9.0	9.1	36.1	9.0	9.0	9.0	9.1	36.1
Product development	0.5	0.5	0.5	0.7	2.1	0.5	0.5	0.5	0.6	2.1	0.6	0.6			1.2					0.0
General and administrative	4.7	4.8	4.3	4.2	17.9	4.4	4.3	4.5	4.9	18.1	4.6	4.6	5.3	6.5	21.0	7.0	7.0	7.0	7.0	28.0
Restructuring and other					0.0					0.0					0.0					0.0
<b>Total operating expenses</b>	13.7	13.7	13.3	12.3	53.0	14.2	15.0	14.8	14.0	58.0	13.8	14.6	14.3	15.6	58.3	16.0	16.0	16.0	16.1	64.1
<b>Operating income (loss)</b>	1.9	1.8	0.3	3.6	7.6	4.7	3.3	3.1	4.5	15.6	5.6	4.0	4.0	3.5	17.1	4.7	4.1	5.6	6.3	20.7
Interest income and other	1.4	0.2	0.8	(0.1)	2.3	0.3	0.4	0.3	0.9	1.9	0.2	0.2	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Income before income taxes	3.3	2.0	1.1	3.5	9.9	5.1	3.7	3.4	5.3	17.5	5.7	4.2	4.0	3.5	17.4	4.7	4.1	5.6	6.3	20.7
Income taxes	1.0	0.9	0.3	1.1	3.3	1.4	1.1	1.0	1.6	5.1	1.5	1.3	0.8	0.7	4.3	0.9	0.8	1.1	1.3	4.1
Net income (loss)	2.4	1.0	0.8	2.5	6.6	3.7	2.6	2.3	3.7	12.4	4.2	2.9	3.2	2.8	13.2	3.7	3.3	4.5	5.1	16.6
Nonrecurring/noncash adjustme	0.8	0.9	0.8	1.2	3.7	0.8	0.9	0.7	0.8	3.2	0.4	0.9			1.3					0.0
<b>Net income</b>	3.1	1.9	1.6	3.7	10.3	4.5	3.5	3.1	4.5	15.6	4.6	3.8	3.2	2.8	14.5	3.7	3.3	4.5	5.1	16.6
EBITDA	2.5	2.3	0.8	4.1	9.7	5.2	3.3	3.6	5.0	17.0	6.0	4.2	4.1	3.5	17.8	4.7	4.3	5.6	6.5	21.2
Shares, Basic	12.1	12.5	12.5	12.4	12.4	15.7	15.3	14.8	13.9	14.9	13.5	12.9	12.9	12.9	13.0	13.0	13.1	13.1	13.1	13.1
Shares, Diluted	12.5	12.6	12.6	12.5	12.6	15.8	15.3	14.8	13.9	15.0	13.6	13.0	13.0	13.0	13.1	13.1	13.2	13.2	13.2	13.2
EPS Basic (Pro forma)	0.26	0.15	0.13	0.29	0.83	0.29	0.23	0.21	0.32	1.05	0.34	0.29	0.25	0.22	1.11	0.29	0.25	0.34	0.39	1.27
<b>EPS Diluted (Pro forma)</b>	0.25	0.15	0.13	0.29	0.82	0.29	0.23	0.21	0.32	1.04	0.34	0.29	0.25	0.21	1.10	0.29	0.25	0.34	0.38	1.26
<b>Margins</b>																				
Gross margin	84.7%	87.8%	85.3%	85.6%	85.8%	87.5%	86.4%	87.1%	87.2%	87.1%	88.0%	88.1%	86.0%	86.0%	87.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Operating margin	10%	10%	2%	19%	11%	22%	15%	15%	21%	18%	25%	19%	19%	16%	20%	19%	17%	22%	24%	21%
Net margin	13%	6%	5%	13%	9%	17%	12%	11%	18%	15%	19%	14%	15%	13%	15%	15%	14%	18%	19%	17%
Sales and marketing	47%	48%	54%	40%	47%	43%	48%	48%	40%	45%	39%	44%	42%	41%	42%	37%	38%	35%	34%	36%
General and administrative	25%	27%	27%	22%	25%	20%	20%	22%	23%	21%	21%	22%	25%	29%	24%	29%	30%	28%	27%	28%
Tax rate, GAAP	29%	47%	29%	30%	33%	27%	29%	30%	30%	29%	26%	30%	20%	20%	24%	20%	20%	20%	20%	20%
<b>Y/Y % change</b>																				
Revenue	29%	-7%	1%	32%	12%	17%	19%	30%	14%	20%	2%	0%	4%	5%	3%	11%	12%	19%	19%	15%
Cost of Revenues	-6%	-14%	-22%	-10%	-13%	-5%	33%	15%	1%	9%	-2%	-13%	12%	15%	3%	38%	41%	28%	28%	33%
Operating income (loss)	NM	-49%	NM	NM	NM	145%	84%	NM	25%	106%	19%	23%	30%	-23%	10%	-16%	3%	38%	82%	21%
Net income (loss)	NM	-66%	-72%	NM	461%	56%	155%	195%	52%	86%	15%	11%	38%	-25%	7%	-12%	13%	38%	82%	26%
EPS Diluted (Pro forma)	NM	-55%	-60%	NM	61%	14%	53%	61%	10%	27%	19%	28%	20%	-34%	6%	-16%	-14%	36%	80%	15%

Source: Company reports and Ascendant Capital Markets estimates.

Travelzoo

Balance Sheet (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
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	\$35.6	\$25.6	\$19.5	\$18.7	\$19.1	\$19.5	\$15.9	\$15.7	\$16.2	\$12.6	\$16.6	\$19.6	\$ 23.7	\$27.4	\$30.9	\$35.5
Short term investments													-	-	-	-
Accounts receivable, net	18.2	14.8	11.8	13.8	13.7	10.3	10.7	13.0	13.2	13.2	13.3	13.8	13.3	13.0	13.9	14.5
Deposits													-	-	-	-
Prepaid expenses and other current assets	4.1	4.2	4.2	3.1	3.2	2.2	2.4	2.1	2.2	2.7	1.3	1.4	1.4	1.4	1.4	1.4
Deferred income taxes											1.0	1.0	1.0	1.0	1.0	1.0
<b>Total current assets</b>	<b>57.9</b>	<b>44.6</b>	<b>35.5</b>	<b>35.6</b>	<b>36.0</b>	<b>32.0</b>	<b>29.0</b>	<b>30.8</b>	<b>31.6</b>	<b>28.5</b>	<b>32.2</b>	<b>35.8</b>	<b>39.5</b>	<b>42.8</b>	<b>47.2</b>	<b>52.4</b>
Deposits	6.6	6.8	6.8	5.1	4.6	2.5	2.5	1.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Investments													-	-	-	-
Deferred income taxes	3.9	3.6	3.4	3.2	3.2	3.2	3.3	3.2	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Property and equipment, net	0.6	0.6	0.5	0.7	0.7	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other	7.8	7.3	6.8	8.1	7.5	7.0	7.0	6.7	6.6	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Intangibles	16.1	15.7	15.2	14.6	14.2	13.8	13.4	13.0	12.7	12.6	12.6	12.6	12.6	12.6	12.6	12.6
<b>Total assets</b>	<b>\$92.9</b>	<b>\$78.5</b>	<b>\$68.3</b>	<b>\$67.3</b>	<b>\$66.3</b>	<b>\$59.1</b>	<b>\$55.8</b>	<b>\$55.4</b>	<b>\$54.7</b>	<b>\$51.5</b>	<b>\$55.2</b>	<b>\$58.8</b>	<b>\$ 62.5</b>	<b>\$65.8</b>	<b>\$70.2</b>	<b>\$75.4</b>
<b>Liabilities and stockholders' equity</b>																
Accounts payable	\$ 3.5	\$ 1.2	\$ 3.6	\$ 4.3	\$ 3.1	\$ 2.3	\$ 2.9	\$ 4.5	\$ 5.5	\$ 5.2	\$ 5.1	\$ 5.6	\$ 5.3	\$ 5.3	\$ 5.3	\$ 5.4
Merchant payables	60.5	47.9	38.2	32.6	28.0	23.9	23.7	20.6	17.8	16.7	16.7	16.7	16.7	16.7	16.7	16.7
Accrued expenses	9.2	7.6	5.9	5.0	4.6	4.3	4.4	3.7	3.6	4.2	4.1	4.5	4.6	4.6	4.6	4.6
Deferred revenue	2.3	2.1	2.5	2.2	3.1	2.7	2.8	2.0	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Income tax payable and other	3.3	3.0	2.7	3.4	3.1	3.1	3.3	3.3	3.3	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Debt											\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total current liabilities</b>	<b>78.8</b>	<b>61.8</b>	<b>52.9</b>	<b>47.5</b>	<b>42.0</b>	<b>36.2</b>	<b>37.1</b>	<b>34.2</b>	<b>33.5</b>	<b>32.8</b>	<b>32.6</b>	<b>33.5</b>	<b>33.3</b>	<b>33.3</b>	<b>33.3</b>	<b>33.4</b>
Debt													-	-	-	-
Other liabilities	11.0	10.6	10.2	10.9	11.5	11.8	12.0	12.3	12.4	13.0	13.0	13.0	13.0	13.0	13.0	13.0
<b>Total non-current liabilities</b>	<b>11.0</b>	<b>10.6</b>	<b>10.2</b>	<b>10.9</b>	<b>11.5</b>	<b>11.8</b>	<b>12.0</b>	<b>12.3</b>	<b>12.4</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>
Minority interest	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Common stock	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Treasury stock	(5.5)	(5.5)	(6.7)	(7.1)	(7.3)											
Retained earnings	2.9	3.9	4.7	7.1	10.8	13.4	15.8	19.5	20.1	17.1	20.3	23.1	26.8	30.2	34.6	39.7
Additional paid-in capital	5.0	7.4	7.8	13.7	23.7	11.8	5.2	0.4								
Other				(4.8)	(14.3)	(14.3)	(14.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)	(11.3)
Accumulated other comprehensive (loss) in	(3.9)	(4.5)	(5.3)	(4.9)	(4.8)	(4.7)	(4.8)	(4.6)	(4.9)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Accumulated deficit											0.7	0.7	0.7	0.7	0.7	0.7
<b>Total stockholders' equity</b>	<b>3.1</b>	<b>6.1</b>	<b>5.3</b>	<b>8.9</b>	<b>12.8</b>	<b>11.1</b>	<b>6.7</b>	<b>8.9</b>	<b>8.8</b>	<b>5.6</b>	<b>9.6</b>	<b>12.3</b>	<b>16.1</b>	<b>19.4</b>	<b>23.9</b>	<b>28.9</b>
<b>Total stockholders' equity and liabilities</b>	<b>\$92.9</b>	<b>\$78.5</b>	<b>\$68.3</b>	<b>\$67.3</b>	<b>\$66.3</b>	<b>\$59.1</b>	<b>\$55.8</b>	<b>\$55.4</b>	<b>\$54.7</b>	<b>\$51.5</b>	<b>\$55.2</b>	<b>\$58.8</b>	<b>\$ 62.5</b>	<b>\$65.8</b>	<b>\$70.2</b>	<b>\$75.4</b>

Source: Company reports and Ascendant Capital Markets estimates.

Travelzoo

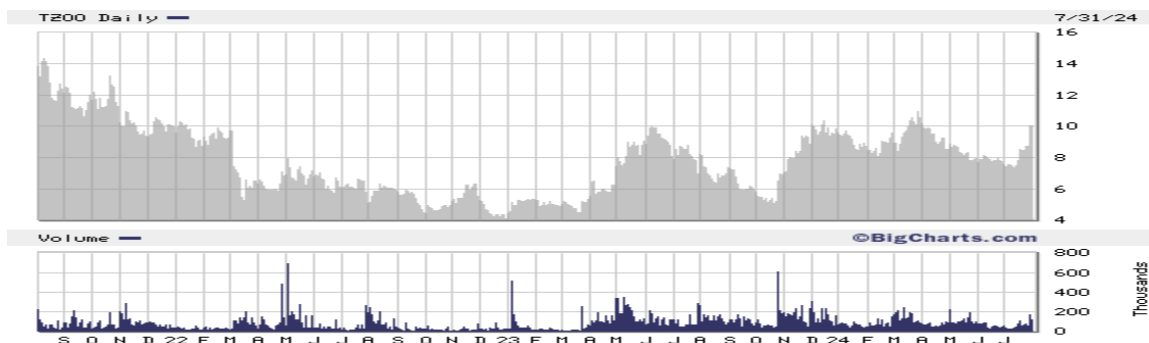
Cash Flow Statement (\$ mils)	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	2.4	1.1	0.8	2.4	6.6	3.7	(1.0)	2.4	3.7	8.8	4.2	2.9	3.2	2.8	13.2	3.7	3.3	4.5	5.1	16.6	
Depreciation and amortization	0.6	0.5	0.5	0.5	2.2	0.5	(0.0)	0.5	0.5	1.4	0.4	0.2	0.0	0.0	0.6	0.0	0.2	0.0	0.2	0.4	
Deferred income taxes	0.1	0.5	0.2	0.1	0.8	(0.1)	0.1	(0.1)	0.2	0.1	(0.0)	(0.0)		(0.0)	(0.0)						
Provision for losses on accounts receiv	(1.4)	(0.8)	(1.2)	(1.0)	(4.4)	(0.6)	0.3	(0.1)		(0.4)	(0.0)	0.0		(0.0)							
Non-cash revenues other than barter	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Stock comp and tax benefits from opti	0.5	0.6	0.3	0.3	1.8	0.4	0.0	0.4	0.4	1.2	0.1	0.7	0.7	0.7	2.2	0.7	0.7	0.7	0.7	2.8	
Accrued interest income from investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other gains/losses	(0.2)			0.2	0.1		0.0		(0.1)	(0.1)			(0.7)	(0.7)	(1.4)	(0.7)	(0.7)	(0.7)	(0.7)	(2.8)	
F/X gains/losses	(0.0)	0.2	(0.2)	0.2	0.2	0.0	(0.0)	0.1	(0.1)	(0.1)	0.0	(0.0)			(0.0)						
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in operating assets and liabilities:																					
Accounts receivable	(3.2)	3.0	2.7	(1.2)	1.3	0.4	3.1	(0.6)	(2.2)	0.7	(0.2)	(0.2)	(0.1)	(0.5)	(1.0)	0.5	0.3	(0.9)	(0.6)	(0.6)	
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Prepaid expenses & other current ass	2.2	(0.7)	0.2	2.7	4.4	0.4	2.7	(0.1)	1.7	4.6	0.6	(0.4)	0.4	(0.1)	0.5	(0.0)	-	-	(0.0)	(0.0)	
Accounts payable	0.1	(2.2)	2.5	0.5	0.9	(1.3)	0.2	0.7	1.2	0.8	1.0	(0.3)	(0.1)	0.5	1.1	(0.2)	-	-	0.0	(0.2)	
Merchant payables	(8.0)	(11.8)	(9.1)	(6.3)	(35.2)	(4.6)	0.6	(0.2)	(3.3)	(7.5)	(2.7)	(1.1)			(3.8)						
Accrued expenses	(0.7)	(0.0)	(0.6)	(0.6)	(1.4)	0.9	(1.4)	0.2	(1.5)	(1.8)	1.0	0.5	(0.1)	0.4	1.7	0.1	-	-	0.0	0.1	
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Income tax payable and other	0.0	0.1	(0.5)	(0.1)	(0.4)	0.8	(0.0)	0.5	1.0	2.3	0.3	0.8	-	-	1.0	-	-	-	-	-	
<b>Net cash (used in) provided by operat</b>	<b>\$ (6.8)</b>	<b>\$ (10.2)</b>	<b>\$ (3.9)</b>	<b>\$ (2.3)</b>	<b>\$ (23.1)</b>	<b>\$ 0.5</b>	<b>\$ 4.6</b>	<b>\$ 3.6</b>	<b>\$ 1.4</b>	<b>\$ 10.1</b>	<b>\$ 4.6</b>	<b>\$ 3.1</b>	<b>\$ 3.4</b>	<b>\$ 3.0</b>	<b>\$ 14.1</b>	<b>\$ 4.1</b>	<b>\$ 3.8</b>	<b>\$ 3.6</b>	<b>\$ 4.7</b>	<b>\$ 16.3</b>	
<b>Cash flow from investing activities</b>																					
Purchases of property and equipment	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.1)	0.1	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	(0.0)	(0.2)	(0.0)	(0.2)	(0.4)	
Purchases of short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sale of short-term investments	0.2				0.2	0.0	0.0		0.1	0.2					-					-	
Acquisitions	(1.0)				(1.0)																
Purchases of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Net cash used in investing activities</b>	<b>\$ (0.9)</b>	<b>\$ (0.1)</b>	<b>\$ (0.1)</b>	<b>\$ (0.2)</b>	<b>\$ (1.3)</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>	<b>\$ (0.1)</b>	<b>\$ 0.1</b>	<b>\$ 0.0</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>	<b>\$ (0.0)</b>	<b>\$ (0.2)</b>	<b>\$ (0.0)</b>	<b>\$ (0.2)</b>	<b>\$ (0.0)</b>	<b>\$ (0.2)</b>	<b>\$ (0.4)</b>	
<b>Cash flow from financing activities</b>																					
Repayment of loans from principal stockholder	-	-	-	-	-	-	(4.7)	(6.9)	(2.0)	(13.6)	-	-	-	-	-	-	-	-	-	-	
Repurchase of common stock	-	-	(1.1)	(0.5)	(1.6)	(0.2)	(0.1)	(0.1)	(0.1)	(0.4)	(3.9)	(6.6)			(10.4)						
Proceeds from stock option exercises	-	1.9		(0.0)	1.9					-					-					-	
Proceeds from issuance of common stock	-	-	-	1.0	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Cash provided by (used in) financing :</b>	<b>\$ -</b>	<b>\$ 1.9</b>	<b>\$ (1.1)</b>	<b>\$ 0.5</b>	<b>\$ 1.3</b>	<b>\$ (0.2)</b>	<b>\$ (4.8)</b>	<b>\$ (6.9)</b>	<b>\$ (2.1)</b>	<b>\$ (14.0)</b>	<b>\$ (3.9)</b>	<b>\$ (6.6)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (10.4)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Effect of exchange rate on cash and cash	(0.5)	(1.7)	(1.1)	0.8	(2.5)	0.2	0.0	(0.3)	0.4	0.3	(0.2)	(0.1)			(0.3)						
<b>Net increase (decrease) in cash and eq</b>	<b>(8.2)</b>	<b>(10.1)</b>	<b>(6.1)</b>	<b>(1.2)</b>	<b>(25.6)</b>	<b>0.4</b>	<b>(0.1)</b>	<b>(3.6)</b>	<b>(0.2)</b>	<b>(3.4)</b>	<b>0.5</b>	<b>(3.6)</b>	<b>3.4</b>	<b>3.0</b>	<b>3.2</b>	<b>4.1</b>	<b>3.7</b>	<b>3.5</b>	<b>4.6</b>	<b>15.9</b>	
Beginning cash and equivalents	43.7	35.4	25.3	20.5	43.7	19.8	20.3	20.2	16.6	19.8	16.4	16.9	13.2	16.6	16.4	19.6	23.7	27.4	30.9	19.6	
<b>Ending cash and equivalents</b>	<b>35.4</b>	<b>25.3</b>	<b>19.2</b>	<b>19.4</b>	<b>19.4</b>	<b>20.3</b>	<b>20.2</b>	<b>16.6</b>	<b>16.4</b>	<b>16.4</b>	<b>16.9</b>	<b>13.2</b>	<b>16.6</b>	<b>19.6</b>	<b>19.6</b>	<b>23.7</b>	<b>27.4</b>	<b>30.9</b>	<b>35.5</b>	<b>35.5</b>	

Source: Company reports and Ascendant Capital Markets estimates.

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## Travelzoo



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

	Report Date		Price
Report	Date	Rating	Target
50	2/8/2018	Hold	
51	4/25/2018	Hold	
52	7/25/2018	Hold	
53	10/24/2018	Hold	
54	2/7/2019	Hold	
55	4/29/2019	Hold	
56	7/25/2019	Hold	
57	10/28/2019	Hold	
58	3/3/2020	Hold	
59	6/25/2020	Hold	
60	8/5/2020	Hold	
61	10/22/2020	Hold	
62	3/25/2021	Buy	\$ 20.00
63	4/28/2021	Buy	\$ 21.00
64	8/8/2021	Buy	\$ 22.00
65	11/21/2021	Buy	\$ 20.00
66	3/17/2022	Buy	\$ 18.00
67	5/15/2022	Buy	\$ 19.00
68	8/6/2022	Buy	\$ 17.00
69	11/10/2022	Buy	\$ 16.00
70	3/26/2023	Buy	\$ 17.00
71	5/10/2023	Buy	\$ 18.00
72	8/7/2023	Buy	\$ 17.00
73	10/29/2023	Buy	\$ 18.00
74	3/7/2024	Buy	\$ 19.00
75	5/9/2024	Buy	\$ 17.00

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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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Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	58	98%	21	36%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	59	100%	21	36%

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