



Expedia Group, Inc.

Q1 EPS miss but maintained solid 2023 guidance as travel growth strong. Raising P/T to \$142.

COMPANY UPDATE

Rating: BUY

Ticker: EXPE

Price: \$110.48

Target: \$142.00
(from \$134)

Q1 EPS miss: Expedia recently (on May 4) reported its fiscal Q1 2023 (ending March) results. Revenue was \$2,665 million (+18% y-o-y), compared to our estimate of \$2,637 million and consensus of \$2,670 million. Pro forma EPS was \$(0.20), compared to our estimate of \$0.50 and consensus of \$(0.02). There was no Q1 guidance.

Q1 strong growth: Gross bookings were \$29.4 billion (+20% y-o-y), compared with our estimate of \$22.0 billion. Hotel room nights were +19% y-o-y reflecting continued strong growth as the travel industry is very strong now. EPS was weighed by continued investment costs.

Q2 tracking mid-single digits: In the current Q2, the company expects Q2 revenue to grow “mid-single digits” due to the very tough comps from Q2 2022 as travel rebounded from the Omicron COVID in Q1 2022.

Solid 2023 guidance: The company maintained general qualitative guidance for “double digit” revenue and earnings growth in 2023.

Lowering estimates: We are lowering our 2023 estimates for revenue to \$13.0 billion, from \$13.2 billion, and for EPS to \$8.68 from \$8.92. We are lowering our 2024 estimates for revenue to \$14.0 billion, from \$14.5 billion, and for EPS to \$10.11 from \$10.27.

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, with pandemic impact waning over time since the initial outbreak in March 2020, Expedia has returned to and even above normalized (pre-pandemic) 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: Despite volatility from the coronavirus (which we believe future impact will be minimal) and macro conditions, 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 \$142 from \$134, which reflects a P/E of 14x our 2024 EPS estimate of \$10.11. 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

June 11, 2023

Edward Woo, CFA
(561) 327-9435
ewoo@ascendant.com

Stock Data

Exchange:	NasdaqGS
52-week Range:	\$82.39 – 124.95
Shares Outstanding (million):	153
Market cap (\$million):	\$16,903
EV (\$million):	\$14,715
Debt (\$million):	\$6,243
Cash (\$million):	\$8,431
Avg. Daily Trading Vol. (\$million):	\$293
Float (million shares):	142
Short Interest (million shares):	5
Dividend, annual (yield):	\$0 (N/A)

Revenues (US\$ million)

	2023E (Cur.)	2023E (Old)	2024E (Cur.)	2024E (Old)
Q1 Mar	2,665A	2,637E	2,819E	2,893E
Q2 Jun	3,399E	3,520E	3,651E	3,861E
Q3 Sep	4,039E	4,108E	4,368E	4,509E
Q4 Dec	<u>2,910E</u>	<u>2,981E</u>	<u>3,146E</u>	<u>3,269E</u>
Total	13,013E	13,245E	13,984E	14,533E
EV/Revs	1.1x		1.1x	

Earnings per Share (pro forma)

	2023E (Cur.)	2023E (Old)	2024E (Cur.)	2024E (Old)
Q1 Mar	(0.20)A	0.50E	0.62E	0.63E
Q2 Jun	1.79E	1.61E	1.78E	1.84E
Q3 Sep	5.02E	4.72E	5.50E	5.45E
Q4 Dec	<u>2.11E</u>	<u>2.08E</u>	<u>2.20E</u>	<u>2.35E</u>
Total	8.68E	8.92E	10.11E	10.27E
P/E	13x		11x	

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 7.

OVERVIEW

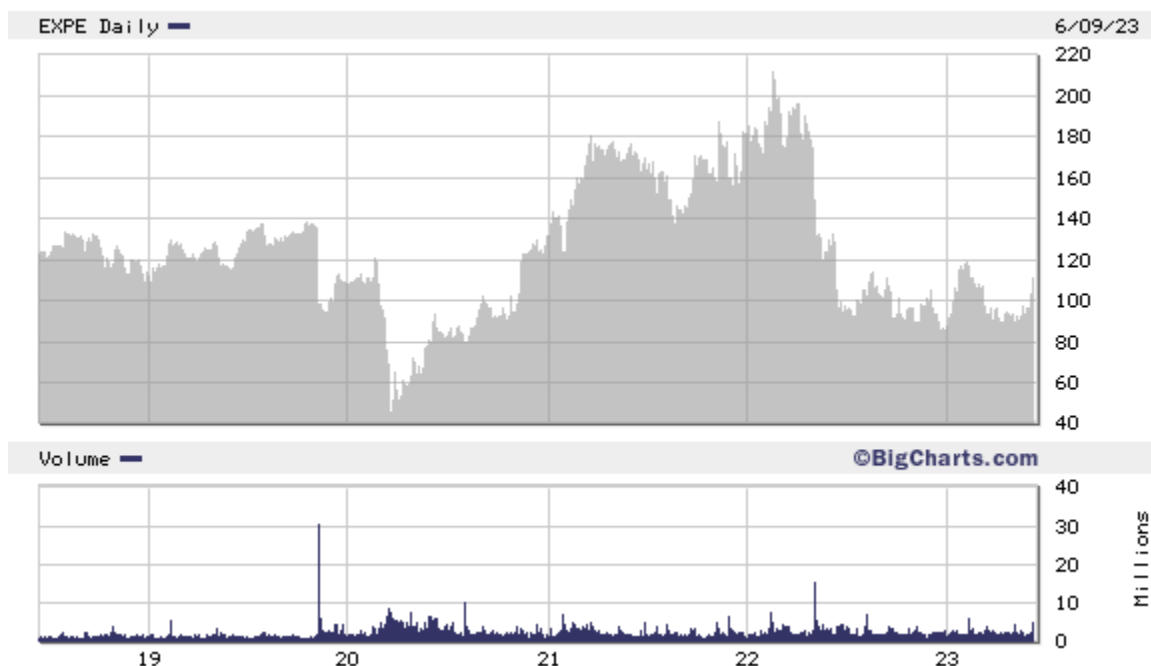
- Expedia recently (on May 4) reported its fiscal Q1 2023 (ending March) results.
- Revenue was \$2,665 million (+18% y-o-y), compared to our estimate of \$2,637 million and consensus of \$2,670 million.
- Pro forma EPS was \$(0.20), compared to our estimate of \$0.50 and consensus of \$(0.02).
- EBITDA was \$185 million, compared to our estimate of \$441 million and \$173 million in Q1 2022.
- There was no Q1 guidance.
- Gross bookings were \$29.4 billion (+20% y-o-y), compared with our estimate of \$22.0 billion.
- The company maintained general qualitative guidance for “double digit” revenue and earnings growth in 2023.
- The company provided general qualitative guidance for Q2 revenue to grow “mid-single digits”.
- We are lowering our 2023 estimates for revenue to \$13.0 billion, from \$13.2 billion, and for EPS to \$8.68 from \$8.92.
- We are lowering our 2024 estimates for revenue to \$14.0 billion, from \$14.5 billion, and for EPS to \$10.11 from \$10.27.

ADDITIONAL DETAILS

- Revenue by product was: Hotels 76%, Air 4%, Advertising 7%, and Other 13% (compared with Q1 2022’s Hotels 72%, Air 3%, Advertising 7%, and Other 18%).
- Revenue growth by product was: Hotels +27%, Air +52%, Advertising +9%, and Other -18% (compared with Q1 2022’s Hotels +78%, Air +50%, Advertising +88%, and Other +94%).
- Revenue as a percentage of gross bookings was 9.1%, compared with our estimate of 12.0% and 9.2% in Q1 2022.
- Gross profit for the quarter was \$2,251 million, compared with our estimate of \$2,162 million.
- Gross margin for the quarter was 85%, versus our expectation of 82% and 84% last year.
- Operating expenses were \$2,372 million, versus our expectation of \$2,126 million.
- Operating loss was \$121 million, versus our expectation of income of \$36 million.
- Pro forma net loss was \$30 million, versus our expectation of income of \$79 million.

The company’s balance sheet remains solid with \$8.4 billion in cash and \$6.2 billion in debt (~\$14 share in net cash), compared with \$5.9 billion in cash and \$6.2 billion in debt at the end of December.

Exhibit 1: Expedia Stock Price (Five Years)



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

Exhibit 2: Consensus Expectations (as of May 4, 2023)

	Revenue (mil)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$2,670E		Q1 Mar	\$(0.02)E	
Q2 Jun	\$3,383E		Q2 Jun	\$2.37E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$12,921E	\$14,113E	Total	\$9.20E	\$11.44E

*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
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	Q2E	Q3E	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	3,399	4,039	2,910	13,013	2,819	3,651	4,368	3,146	13,984
Cost of Revenues	311	374	442	395	1,522	371	419	455	412	1,657	414	476	606	457	1,953	507	548	692	488	2,235
Gross Profit	935	1,737	2,520	1,884	7,076	1,878	2,762	3,164	2,206	10,010	2,251	2,923	3,433	2,453	11,060	2,311	3,104	3,676	2,659	11,749
Operating expenses:																				
Sales and marketing	664	1,199	1,314	1,044	4,221	1,339	1,716	1,669	1,376	6,100	1,674	1,699	1,737	1,310	6,420	1,466	1,826	1,834	1,447	6,573
Technology and content	247	276	277	274	1,074	270	284	310	317	1,181	317	408	323	378	1,426	366	438	349	409	1,563
General and administrative	156	184	182	183	705	186	189	187	186	748	184	340	283	231	1,038	225	365	306	250	1,147
Depreciation and amortization	209	205	201	199	814	197	197	199	199	792	192	200	200	200	792	200	200	200	200	800
Legal and tax reserves	(1)	(8)	10		1	21	2			23	5	1	1	1	8	1	1	1	1	4
Restructuring and other	29	13	12	21	75	29	52			81		0	0	0	0	0	0	0	0	0
Total operating expenses	1,304	1,869	1,996	1,721	6,890	2,013	2,417	2,417	2,078	8,925	2,372	2,648	2,544	2,120	9,684	2,259	2,830	2,691	2,308	10,087
Operating income (loss)	(369)	(132)	524	163	186	(135)	345	747	128	1,085	(121)	275	889	333	1,376	53	274	985	351	1,662
Interest income (expense)	(96)	(82)	(84)	(80)	(342)	(78)	(63)	(43)	(33)	(217)	(18)	(88)	(89)	(87)	(282)	(88)	(89)	(87)	(86)	(350)
Other and minority interest	(310)	(134)	9	269	(166)	6	(409)	(8)	90	(321)	73	(5)	(5)	(5)	58	(5)	(5)	(5)	(5)	(20)
Income before income taxes	(775)	(348)	449	352	(322)	(207)	(127)	696	185	547	(66)	181	796	241	1,152	(41)	180	892	260	1,292
Income taxes	(169)	(47)	87	76	(53)	(85)	58	214	8	195	79	39	171	51	340	(9)	39	192	55	277
Net income (loss)	(606)	(301)	362	276	(269)	(122)	(185)	482	177	352	(145)	142	625	190	812	(32)	141	701	206	1,015
Nonrecurring/noncash adjustment	313	132	191	(109)	527	48	495	158	19	720	115	125	125	125	490	125	125	125	125	500
Net income	(294)	(169)	553	167	258	(74)	310	640	196	1,072	(30)	267	750	315	1,302	93	266	826	331	1,515
EBITDA (total)	(58)	201	855	479	1,477	173	648	1,079	449	2,349	185	680	1,294	738	2,897	458	679	1,390	756	3,282
Shares, Basic	145.2	149.1	151.0	153.5	149.7	156.3	157.3	157.6	155.4	156.7	152.5	149.0	149.1	149.2	149.9	149.3	149.4	149.5	149.6	149.5
Shares, Diluted	145.2	149.1	156.5	158.0	156.3	156.3	158.5	157.9	155.6	157.8	152.5	149.0	149.2	149.4	150.0	149.6	149.8	150.0	150.2	149.9
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)	1.79	5.03	2.11	8.68	0.62	1.78	5.52	2.21	10.14
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)	1.79	5.02	2.11	8.68	0.62	1.78	5.50	2.20	10.11
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%	86.0%	85.0%	84.3%	85.0%	82.0%	85.0%	84.2%	84.5%	84.0%
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%	50.0%	43.0%	45.0%	49.3%	52.0%	50.0%	42.0%	46.0%	47.0%
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%	12.0%	8.0%	13.0%	11.0%	13.0%	12.0%	8.0%	13.0%	11.2%
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%	10.0%	7.0%	8.0%	8.0%	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%	8.1%	22.0%	11.4%	10.6%	1.9%	7.5%	22.5%	11.2%	11.9%
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%	21.5%	21.5%	21.0%	29.5%	21.0%	21.5%	21.5%	21.0%	21.4%
Net margin	-48.6%	-14.3%	12.2%	12.1%	-3.1%	-5.4%	-5.8%	13.3%	6.8%	3.0%	-5.4%	4.2%	15.5%	6.5%	6.2%	-1.1%	3.9%	16.0%	6.5%	7.3%
YY % change																				
Revenue	-44%	273%	97%	148%	65%	80%	51%	22%	15%	36%	18%	7%	12%	11%	12%	6%	7%	8%	8%	7%
Gross margin	-41%	881%	123%	198%	101%	101%	59%	26%	17%	41%	20%	6%	8%	11%	10%	3%	6%	7%	8%	6%
Sales and marketing	-45%	305%	148%	104%	66%	102%	43%	27%	32%	45%	25%	-1%	4%	-5%	5%	-12%	7%	6%	11%	2%
Technology and content	-20%	8%	24%	23%	6%	9%	3%	12%	16%	10%	17%	44%	4%	19%	21%	16%	7%	8%	8%	10%
General and administrative	-17%	21%	36%	48%	18%	19%	3%	3%	-2%	6%	-1%	80%	51%	24%	39%	23%	7%	8%	8%	10%
Operating income (loss)	NM	NM	NM	NM	NM	NM	NM	43%	-21%	483%	NM	-20%	19%	160%	27%	NM	0%	11%	5%	21%
Net income (loss)	NM	NM	NM	NM	NM	NM	NM	33%	-36%	NM	NM	NM	30%	7%	131%	NM	-1%	12%	8%	25%
EPS Diluted (Pro forma)	NM	NM	NM	NM	NM	NM	NM	15%	19%	312%	NM	-8%	24%	67%	28%	NM	-1%	10%	4%	16%

Source: Company reports and Ascendant Capital Markets estimates

Expedia Group, Inc.

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
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2E	Q3E	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	5,231	7,595	5,779	5,488	7,618	10,233	8,248
Restricted cash	1,972	2,541	1,587	1,694	2,583	2,756	1,778	1,755	2,483	2,483	2,483	2,483	2,483	2,483	2,483	2,483
Short term investments	23	11		200		26	49	48	44	44	44	44	44	44	44	44
Accounts receivable, net	1,007	1,440	1,485	1,264	1,736	2,173	1,991	2,078	2,523	1,511	1,660	970	1,503	1,623	1,796	1,049
Prepaid merchant																
Prepaid expenses and other current assets	1,151	1,258	838	827	1,183	1,158	799	774	1,119	340	404	291	282	365	437	315
Deferred income taxes	392	399	102	85	93	105	65	40	53	100	100	100	100	100	100	100
Total current assets	8,836	11,113	9,043	8,181	11,147	11,786	9,270	8,791	12,126	9,709	12,286	9,667	9,900	12,233	15,092	12,238
Property and equipment, net	2,241	2,261	2,264	2,180	2,169	2,163	2,169	2,210	2,260	2,280	2,300	2,320	2,340	2,360	2,380	2,400
Long term investments and other	667	663	655	1,450	1,468	1,151	1,122	1,184	1,198	1,198	1,198	1,198	1,198	1,198	1,198	1,198
Goodwill and intangibles, net	8,842	8,827	8,743	8,564	8,534	8,441	8,332	8,352	8,346	8,146	7,946	7,746	7,546	7,346	7,146	6,946
Other	1,280	1,317	1,239	1,173	1,259	1,203	986	1,024	1,056	1,056	1,056	1,056	1,056	1,056	1,056	1,056
Total assets	21,866	24,181	21,944	21,548	24,577	24,744	21,879	21,561	24,986	22,389	24,786	21,987	22,040	24,193	26,872	23,838
Liabilities and stockholders' equity																
Merchant payable	727	1,157	1,264	1,333	1,292	1,548	1,535	1,709	1,531	1,953	2,320	1,672	1,619	2,098	2,509	1,807
Accounts payable	565	778	769	688	934	1,178	1,132	947	1,010	1,020	1,212	873	846	1,095	1,310	944
Deferred merchant bookings	6,047	8,240	5,844	5,688	9,203	10,041	7,457	7,151	11,036	5,098	6,058	4,365	4,510	5,477	6,552	4,719
Deferred revenue	174	172	161	166	178	173	160	163	186	186	186	186	186	186	186	186
Accrued expenses and other	1,261	1,366	960	840	862	897	835	808	849	1,083	1,287	927	898	1,163	1,391	1,002
Short-term debt			753	735						0	0	0	0	0	0	0
Total current liabilities	8,774	11,713	9,751	9,450	12,469	13,837	11,119	10,778	14,612	9,339	11,063	8,023	8,058	10,020	11,949	8,659
Long-term debt	8,464	8,480	7,712	7,715	7,719	6,727	6,237	6,240	6,243	6,243	6,243	6,243	6,243	6,243	6,243	6,243
Deferred tax	23	22	55	58	58	45	50	52	35	35	35	35	35	35	35	35
Other long-term liabilities	895	873	824	773	764	754	760	763	806	806	806	806	806	806	806	806
Minority interest	1,479	1,486	1,488	1,495	1,489	1,471	1,445	1,445	1,458	1,458	1,458	1,458	1,458	1,458	1,458	1,458
Total other liabilities	10,861	10,861	10,079	10,041	10,030	8,997	8,492	8,500	8,542	8,542	8,542	8,542	8,542	8,542	8,542	8,542
Preferred stock	1,022	511	511													
Common stock, class A																
Common stock, class B																
Additional paid-in capital	13,919	13,995	14,176	14,229	14,431	14,549	14,674	14,795	14,938	14,988	15,038	15,088	15,138	15,188	15,238	15,288
Treasury stock	(10,152)	(10,182)	(10,205)	(10,262)	(10,309)	(10,331)	(10,503)	(10,869)	(11,341)	(11,341)	(11,341)	(11,341)	(11,341)	(11,341)	(11,341)	(11,341)
Retained earnings (deficit)	(2,359)	(2,531)	(2,147)	(1,761)	(1,883)	(2,068)	(1,586)	(1,409)	(1,554)	(1,412)	(787)	(597)	(629)	(488)	212	418
Unearned compensation										2,483	2,483	2,483	2,483	2,483	2,483	2,483
Accumulated other comprehensive income	(199)	(186)	(221)	(149)	(161)	(240)	(317)	(234)	(211)	(211)	(211)	(211)	(211)	(211)	(211)	(211)
Total stockholders' equity	2,231	1,607	2,114	2,057	2,078	1,910	2,268	2,283	1,832	4,507	5,182	5,422	5,440	5,631	6,381	6,637
Total stockholders' equity and liabilities	21,866	24,181	21,944	21,548	24,577	24,744	21,879	21,561	24,986	22,389	24,786	21,987	22,040	24,193	26,872	23,838

Balance Sheet Drivers

	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	Q2E	Q3E	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%	10%	10%	10%	10%	10%	10%	10%
Merchant payable as % of total rev	58%	55%	43%	58%	57%	49%	42%	65%	57%	57%	57%	57%	57%	57%	57%	57%
Deferred Merchant booking as % of total rev	485%	390%	197%	250%	409%	316%	206%	273%	414%	150%	150%	150%	160%	150%	150%	150%
Accounts payable as % of total rev	45%	37%	26%	30%	42%	37%	31%	36%	38%	30%	30%	30%	30%	30%	30%	30%
Accrued expenses as % of total rev	101%	65%	32%	37%	38%	28%	23%	31%	32%	32%	32%	32%	32%	32%	32%	32%
Activity Ratios																
A/R Days Sales Outstanding	73	61	45	50	69	61	50	71	85	40	37	30	48	40	37	30
A/P Days Payable	164	187	157	157	227	253	224	207	220	193	180	172	150	180	170	174
Merchant Days Payable (w/ Revenue)	53	49	38	53	52	44	38	59	52	52	52	52	52	52	52	52
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	\$30.25	\$34.73	\$36.29	\$36.36	\$37.59	\$42.54	\$44.19
Cash per Share (diluted)	\$43.30	\$53.77	\$42.28	\$38.01	\$52.04	\$52.68	\$40.62	\$37.91	\$55.29	\$52.07	\$67.84	\$55.60	\$53.58	\$67.72	\$85.07	\$71.74
Net cash per Share (diluted)	(\$15.00)	(\$3.11)	(\$11.80)	(\$15.47)	\$2.66	\$10.24	\$1.13	(\$2.19)	\$14.35	\$10.17	\$26.00	\$13.81	\$11.84	\$26.04	\$43.45	\$30.17
Total Debt	\$8,464	\$8,480	\$8,465	\$8,450	\$7,719	\$6,727	\$6,237	\$6,240	\$6,243	\$6,243	\$6,243	\$6,243	\$6,243	\$6,243	\$6,243	\$6,243

Source: Company reports and Ascendant Capital Markets estimates

Expedia Group, Inc.

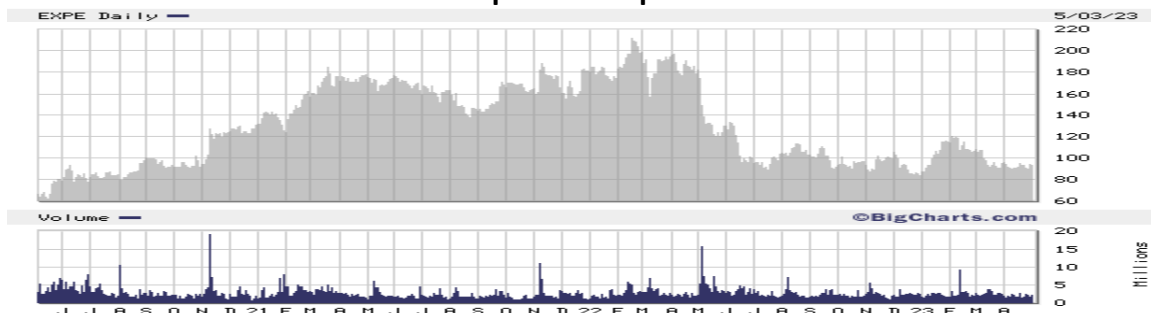
Cash Flow Statement (\$ millions)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(581)	(177)	378	395	15	(123)	(185)	476	175	343	(140)	142	625	190	817	(32)	141	701	206	1,015	
Depreciation	182	179	177	177	715	175	176	176	177	704	177	155	155	155	642	155	155	155	155	620	
Stock comp	83	120	116	99	418	90	93	97	94	374	103	50	50	50	253	50	50	50	50	200	
Amortization of intangibles	27	26	24	22	99	22	21	23	22	88	15	200	200	200	615	200	200	200	200	800	
Deferred tax	(175)	(66)	83	13	(145)	(101)	18	189	(36)	70	(57)	(47)	0	0	(104)	0	0	0	0	0	
F/X gains/losses	33	(1)	65	24	121	17	167	179	(157)	206	(20)	0	0	0	(20)	0	0	0	0	0	
Accrued			(33)	33	0					0		0	0	0	0	0	0	0	0	0	
Impairments				20	20		29	52		81					0					0	
Other gains/losses	272	4	4	(427)	(147)		376	(2)	(29)	345	(1)	0	0	0	(1)	0	0	0	0	0	
Other	24	(18)	1	25	32	2	(21)	(7)	(6)	(32)	14	0	0	0	14	0	0	0	0	0	
Changes in operating assets and liabilities:																					
Accounts receivable	(300)	(429)	(52)	60	(721)	(476)	(445)	173	(90)	(838)	(456)	1,012	(150)	690	1,097	(533)	(120)	(173)	747	(79)	
Prepaid expenses & other current as	(495)	(119)	424	(34)	(224)	(356)	26	361	24	55	(293)	779	(64)	113	535	9	(83)	(72)	122	(24)	
Merchant payable	126	430	107	114	777	(41)	255	(12)	173	375	(178)	422	368	(648)	(37)	(53)	479	412	(702)	136	
Accounts payable	34	319	(115)	(100)	138	267	272	(112)	(231)	196	79	10	192	(339)	(58)	(27)	250	215	(366)	71	
Deferred merchant bookings	2,940	2,244	(2,397)	(145)	2,642	3,515	839	(2,584)	(306)	1,464	3,885	(5,938)	960	(1,693)	(2,786)	144	968	1,075	(1,832)	354	
Deferred revenue	2	(2)	(8)	6	(2)	13	(5)	(13)	3	(2)		0	0	0	0	0	0	0	0	0	
Income tax payable and other	(2)	4	5	3	10	(13)	12	7	5	11	29	234	204	(360)	107	(29)	265	228	(389)	75	
Net cash (used in) provided by oper.	2,170	2,514	(1,221)	285	3,748	2,991	1,628	(997)	(182)	3,440	3,157	(2,981)	2,539	(1,641)	1,074	(116)	2,305	2,790	(1,810)	3,169	
Cash flow from investing activities																					
Purchases of property and equipment	(168)	(183)	(179)	(143)	(673)	(156)	(159)	(170)	(177)	(662)	(233)	(175)	(175)	(175)	(758)	(175)	(175)	(175)	(175)	(700)	
Purchases of short-term investments		11	11	(200)	(178)	200	(60)		5	145	5	0	0	0	5	0	0	0	0	0	
Sale of short-term investments					0					0		0	0	0	0	0	0	0	0	0	
Acquisitions				(60)	(60)					0		0	0	0	0	0	0	0	0	0	
Net settlement					0					0		0	0	0	0	0	0	0	0	0	
Other	(12)	(61)	75	(22)	(20)	(31)	(42)	(96)	106	(63)	33	0	0	0	33	0	0	0	0	0	
Net cash used in investing activities	(180)	(233)	(93)	(425)	(931)	13	(261)	(266)	(66)	(580)	(195)	(175)	(175)	(175)	(720)	(175)	(175)	(175)	(175)	(700)	
Cash 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	0	0	0	
Repurchase of common stock	(55)	(2,527)		2,582	0	(47)	(22)	(172)	(366)	(607)	(469)	0	0	0	(469)	0	0	0	0	0	
Dividends		(50)		(17)	(67)					0		0	0	0	0	0	0	0	0	0	
Proceeds from stock option exercise	269	110	42	82	503	101	13	11	6	131	29	0	0	0	29	0	0	0	0	0	
Change in restricted cash					0					0		0	0	0	0	0	0	0	0	0	
Other	(265)	261	8	(12)	(8)	7	5	22	(19)	15	3	0	0	0	3	0	0	0	0	0	
Proceeds from issuance of common stock	(85)	(23)	(57)	(165)						0	0	0	0	0	0	0	0	0	0	0	
Cash provided by (used in) financin	210	(588)	27	(622)	(973)	(663)	(1,024)	(558)	(379)	(2,624)	(437)	0	0	0	(437)	0	0	0	0	0	
Effect of exchange rate on cash and ca	(73)	47	(100)	(51)	(177)	(11)	(154)	(137)	112	(190)	11	0	0	0	11	0	0	0	0	0	
Net increase (decrease) in cash and	2,127	1,740	(1,387)	(813)	1,667	2,330	189	(1,958)	(515)	46	2,536	(3,156)	2,364	(1,816)	(72)	(291)	2,130	2,615	(1,985)	2,469	
Beginning 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	5,231	7,595	5,851	5,779	5,488	7,618	10,233	5,779	
Ending 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	5,231	7,595	5,779	5,779	5,488	7,618	10,233	8,248	8,248	

Source: Company reports and Ascendant Capital Markets estimates

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Expedia Group Inc.



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

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

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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
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Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	50	100%	18	36%

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