



# Expedia Group, Inc.

Q1 revenue about inline as travel continues to rebound. 2022 travel outlook above pre-pandemic levels. Lowering P/T to \$202.

## COMPANY UPDATE

Rating: BUY

Ticker: EXPE

Price: \$115.16

Target: \$202.00  
(from \$221)

**Q1 revenue about inline:** Expedia recently (on May 2) reported its fiscal Q1 2022 (ending March) results. Revenue was \$2,249 million (+80% y-o-y), compared to our estimate of \$1,511 million and consensus of \$2,241 million. Pro forma EPS was \$(0.47), compared to our estimate of \$(0.65) and consensus of \$(0.57). There was no Q1 guidance.

**Q1 solid rebound:** Gross bookings were \$24.4 billion (+58% y-o-y), compared with our estimate of \$12.6 billion. The company saw strong recovery in most of its business around the world despite early quarter weakness from Omicron. Vrbo (vacation homes) and domestic travel were strong. Total lodging bookings, was -11% in January versus 2019, +8% in February, +7% in March, and up ~10% in April.

**Q1 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.

**Q2 and summer strength:** The company had lodging revenue up ~10% in April versus April 2019 and in many areas saw summer bookings above 2019 pre-pandemic levels.

**No guidance:** The company did not provide forward guidance.

**Raising estimates:** We are raising our 2022 estimates for revenue to \$11.7 billion, from \$11.0 billion, and for EPS to \$6.91 from \$6.50. We are raising our 2023 estimates for revenue to \$12.8 billion, from \$12.0 billion, and for EPS to \$9.20 from \$8.50.

**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.

**Economies reopenings:** 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, we believe Expedia is close to returning 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, we continue to be positive on Expedia longer term. We believe longer term, traveling and the travel industry will return 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 lowering our 12-month price target to \$202 from \$221, which reflects a P/E of 22x our 2023 EPS estimate of \$9.20. This multiple is about inline with the peer group median for online travel companies to reflect Expedia's inline near 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:	\$114.04 – 217.72
Shares Outstanding (million):	156
Market cap (\$million):	\$17,965
EV (\$million):	\$17,549
Debt (\$million):	\$7,719
Cash (\$million):	\$8,135
Avg. Daily Trading Vol. (\$million):	\$403
Float (million shares):	151
Short Interest (million shares):	9
Dividend, annual (yield):	\$0 (N/A)

### Revenues (US\$ million)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	2,249A	1,511E	2,499E	1,674E
Q2 Jun	2,719E		3,025E	
Q3 Sep	3,831E		4,136E	
Q4 Dec	2,914E		3,140E	
Total	11,713E	10,975E	12,800E	11,975E
EV/Revs	1.5x		1.4x	

### Earnings per Share (pro forma)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	(0.47)A	(0.65)E	0.34E	(0.09)E
Q2 Jun	0.98E	0.91E	1.33E	1.25E
Q3 Sep	4.39E	4.28E	4.99E	4.88E
Q4 Dec	2.01E	1.93E	2.53E	2.45E
Total	6.91E	6.50E	9.20E	8.50E
P/E	17x		13x	

### 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 2) reported its fiscal Q1 2022 (ending March) results.
- Revenue was \$2,249 million (+80% y-o-y), compared to our estimate of \$1,511 million and consensus of \$2,241 million.
- Pro forma EPS was \$(0.47), compared to our estimate of \$(0.65) and consensus of \$(0.57).
- EBITDA was \$173 million, compared to our estimate of \$249 million and \$(58) million in Q1 2021.
- There was no Q1 guidance.
- Gross bookings were \$24.4 billion (+58% y-o-y), compared with our estimate of \$12.6 billion.
- The company did not provide Q2 guidance.
- We are raising our 2022 estimates for revenue to \$11.7 billion, from \$11.0 billion, and for EPS to \$6.91 from \$6.50.
- We are raising our 2023 estimates for revenue to \$12.8 billion, from \$12.0 billion, and for EPS to \$9.20 from \$8.50.

### **ADDITIONAL DETAILS**

- Revenue by product was: Hotels 72%, Air 3%, Advertising 7%, and Other 18% (compared with Q1 2021's Hotels 72%, Air 4%, Advertising 7%, and Other 17%).
- Revenue growth by product was: Hotels +78%, Air +50%, Advertising +88%, and Other +94% (compared with Q1 2021's Hotels -41%, Air -55%, Advertising -57%, and Other -42%).
- Revenue as a percentage of gross bookings was 9.2%, compared with our estimate of 12.0% and 8.1% in Q1 2021.
- Gross profit for the quarter was \$1,878 million, compared with our estimate of \$1,193 million.
- Gross margin for the quarter was 84%, versus our expectation of 79% and 75% last year.
- Operating expenses were \$2,013 million, versus our expectation of \$1,349 million.
- Operating loss was \$135 million, versus our expectation of a loss of \$156 million.
- Pro forma net loss was \$74 million, versus our expectation of a loss of \$99 million.
- In May 2021, Expedia accepted an offer from American Express Global Business Travel to acquire Egencia (its corporate travel group) from Expedia. Expedia would have ~14% ownership in the combined business, which is currently estimated to be valued at ~\$750 million. The deal closed in November 2021.

The company's balance sheet remains solid with \$8.1 billion in cash and \$7.7 billion in debt (~\$2 share in net cash), compared with \$6.0 billion in cash and \$8.5 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 2, 2022)

	Revenue (mil)			EPS	
	2022E	2023E		2022E	2023E
Q1 Mar	\$2,241E		Q1 Mar	\$(0.57)E	
Q2 Jun	\$2,989E		Q2 Jun	\$1.57E	
Q3 Sep			Q3 Sep		
Q4 Dec			Q4 Dec		
Total	\$11,836E	\$13,715E	Total	\$7.62E	\$10.53E

\*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-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	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Revenue</b>	<b>2,209</b>	<b>566</b>	<b>1,504</b>	<b>920</b>	<b>5,199</b>	<b>1,246</b>	<b>2,111</b>	<b>2,962</b>	<b>2,279</b>	<b>8,598</b>	<b>2,249</b>	<b>2,719</b>	<b>3,831</b>	<b>2,914</b>	<b>11,713</b>	<b>2,499</b>	<b>3,025</b>	<b>4,136</b>	<b>3,140</b>	<b>12,800</b>	
Cost of Revenues	629	389	375	287	1,680	311	374	442	395	1,522	371	435	613	437	1,856	450	454	662	440	2,005	
Gross Profit	1,580	177	1,129	633	3,519	935	1,737	2,520	1,884	7,076	1,878	2,284	3,218	2,477	9,857	2,049	2,571	3,475	2,701	10,795	
Operating expenses:																					
Sales and marketing	1,210	296	529	511	2,546	664	1,199	1,314	1,044	4,221	1,339	1,332	1,609	1,311	5,592	1,299	1,482	1,696	1,382	5,859	
Technology and content	308	255	224	223	1,010	247	276	277	274	1,074	270	353	345	379	1,347	325	363	331	408	1,427	
General and administrative	187	152	134	124	597	156	184	182	183	705	186	245	230	232	892	200	302	290	250	1,042	
Depreciation and amortization	229	232	220	212	893	209	205	201	199	814	197	200	200	200	797	200	200	200	200	800	
Legal and tax reserves	(21)	8	2	(2)	(13)	(1)	(8)	10		1	21	1	1	1	24	1	1	1	1	4	
Restructuring and other	961	83	133	28	1,205	29	13	12	21	75		0	0	0	0	0	0	0	0	0	
<b>Total operating expenses</b>	<b>2,874</b>	<b>1,026</b>	<b>1,242</b>	<b>1,096</b>	<b>6,238</b>	<b>1,304</b>	<b>1,869</b>	<b>1,996</b>	<b>1,721</b>	<b>6,890</b>	<b>2,013</b>	<b>2,132</b>	<b>2,385</b>	<b>2,123</b>	<b>8,652</b>	<b>2,025</b>	<b>2,349</b>	<b>2,518</b>	<b>2,241</b>	<b>9,132</b>	
<b>Operating income (loss)</b>	<b>(1,294)</b>	<b>(849)</b>	<b>(113)</b>	<b>(463)</b>	<b>(2,719)</b>	<b>(369)</b>	<b>(132)</b>	<b>524</b>	<b>163</b>	<b>186</b>	<b>(135)</b>	<b>152</b>	<b>833</b>	<b>354</b>	<b>1,205</b>	<b>24</b>	<b>222</b>	<b>957</b>	<b>460</b>	<b>1,663</b>	
Interest income (expense)	(40)	(92)	(110)	(100)	(342)	(96)	(82)	(84)	(80)	(342)	(78)	(111)	(111)	(109)	(409)	(110)	(110)	(110)	(107)	(437)	
Other and minority interest	(49)	(25)	(22)	47	(49)	(310)	(134)	9	269	(166)	6	(5)	(5)	(5)	(9)	(5)	(5)	(5)	(5)	(20)	
Income before income taxes	(1,383)	(966)	(245)	(516)	(3,110)	(775)	(348)	449	352	(322)	(207)	37	717	240	787	(91)	107	843	348	1,206	
Income taxes	(82)	(213)	(24)	(104)	(423)	(169)	(47)	87	76	(53)	(85)	8	154	50	128	(19)	23	181	73	258	
Net income (loss)	(1,301)	(753)	(221)	(412)	(2,687)	(606)	(301)	362	276	(269)	(122)	29	563	190	660	(72)	84	661	275	948	
Nonrecurring/noncash adjustments	1,043	176	190	36	1,445	313	132	191	(109)	527	48	125	125	125	423	125	125	125	125	500	
<b>Net income</b>	<b>(258)</b>	<b>(577)</b>	<b>(31)</b>	<b>(376)</b>	<b>(1,242)</b>	<b>(294)</b>	<b>(169)</b>	<b>553</b>	<b>167</b>	<b>258</b>	<b>(74)</b>	<b>154</b>	<b>688</b>	<b>315</b>	<b>1,083</b>	<b>53</b>	<b>209</b>	<b>786</b>	<b>400</b>	<b>1,448</b>	
EBITDA (total)	(76)	(436)	304	(160)	(368)	(58)	201	855	479	1,477	173	557	1,238	759	2,728	429	627	1,362	865	3,283	
Shares, Basic	140.8	141.1	141.3	142.4	141.4	145.2	149.1	151.0	153.5	149.7	156.3	156.4	156.5	156.6	156.5	156.7	156.8	156.9	157.0	156.9	
Shares, Diluted	146.0	163.0	141.3	142.4	148.2	145.2	149.1	156.5	158.0	156.3	156.3	156.5	156.7	156.9	156.6	157.1	157.3	157.5	157.7	157.4	
EPS Basic (Pro forma)	(1.83)	(4.09)	(0.22)	(2.64)	(8.78)	(2.02)	(1.13)	3.66	1.09	1.72	(0.47)	0.98	4.40	2.01	6.92	0.34	1.33	5.01	2.54	9.23	
EPS Diluted (Pro forma)	(1.77)	(3.54)	(0.22)	(2.64)	(8.38)	(2.02)	(1.13)	3.53	1.06	1.65	(0.47)	0.98	4.39	2.01	6.91	0.34	1.33	4.99	2.53	9.20	
<b>Income Statement Ratios</b>																					
Gross margin	71.5%	31.3%	75.1%	68.8%	67.7%	75.0%	82.3%	85.1%	82.7%	82.3%	83.5%	84.0%	84.0%	85.0%	84.2%	82.0%	85.0%	84.0%	86.0%	84.3%	
Sales and marketing	54.8%	52.3%	35.2%	55.5%	49.0%	53.3%	56.8%	44.4%	45.8%	49.1%	59.5%	49.0%	42.0%	45.0%	47.7%	52.0%	49.0%	41.0%	44.0%	45.8%	
Technology and content	13.9%	45.1%	14.9%	24.2%	19.4%	19.8%	13.1%	9.4%	12.0%	12.5%	12.0%	13.0%	9.0%	13.0%	11.5%	13.0%	12.0%	8.0%	13.0%	11.1%	
General and administrative	8.5%	26.9%	8.9%	13.5%	11.5%	12.5%	8.7%	6.1%	8.0%	8.2%	8.3%	9.0%	6.0%	8.0%	7.6%	8.0%	10.0%	7.0%	8.0%	8.1%	
Operating margin	-58.6%	-150.0%	-7.5%	-50.3%	-52.3%	-29.6%	-6.3%	17.7%	7.2%	2.2%	-6.0%	5.6%	21.8%	12.1%	10.3%	1.0%	7.4%	23.1%	14.6%	13.0%	
Tax rate, GAAP	5.9%	22.0%	9.8%	20.2%	13.6%	21.8%	13.5%	19.4%	21.6%	16.5%	41.1%	21.5%	21.5%	21.0%	16.2%	21.0%	21.5%	21.5%	21.0%	21.4%	
Net margin	-58.9%	-133.0%	-14.7%	-44.8%	-51.7%	-48.6%	-14.3%	12.2%	12.1%	-3.1%	-5.4%	1.1%	14.7%	6.5%	5.6%	-2.9%	2.8%	16.0%	8.7%	7.4%	
<b>YY % change</b>																					
Revenue	-15%	-82%	-58%	-67%	-57%	-44%	273%	97%	148%	65%	80%	29%	29%	28%	36%	11%	11%	8%	8%	9%	
Gross margin	-25%	-93%	-62%	-71%	-64%	-41%	881%	123%	198%	101%	101%	31%	28%	31%	39%	9%	13%	8%	9%	10%	
Sales and marketing	-21%	-82%	-68%	-60%	-59%	-45%	305%	148%	104%	66%	102%	11%	22%	26%	32%	-3%	11%	5%	5%	5%	
Technology and content	-28%	-41%	-49%	-51%	-43%	-20%	8%	24%	23%	6%	9%	28%	24%	38%	25%	20%	3%	-4%	8%	6%	
General and administrative	-2%	-29%	-38%	-45%	-30%	-17%	21%	36%	48%	18%	19%	33%	26%	27%	27%	7%	24%	26%	8%	17%	
Operating income (loss)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	117%	NM	NM	46%	15%	30%	38%	
Net income (loss)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	56%	-31%	NM	NM	192%	17%	45%	44%
EPS Diluted (Pro forma)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	24%	90%	320%	NM	35%	14%	26%	33%

Source: Company reports and Ascendant Capital Markets estimates

Expedia Group, Inc.																
Balance Sheet (\$ millions)																
Fiscal Year End: December 31	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	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
<b>Assets</b>																
Cash and cash equivalents	3,905	5,053	4,353	3,363	4,291	5,464	5,031	4,111	5,552	5,032	8,442	7,005	5,937	7,401	10,919	9,404
Restricted cash	813	1,311	725	772	1,972	2,541	1,587	1,694	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583
Short term investments	194	422	23	24	23	11		200		0	0	0	0	0	0	0
Accounts receivable, net	1,423	1,002	839	701	1,007	1,440	1,485	1,264	1,736	1,208	1,575	971	1,333	1,344	1,701	1,047
Prepaid merchant																
Prepaid expenses and other current assets	1,243	1,049	685	654	1,151	1,258	838	827	1,183	272	383	291	250	302	414	314
Deferred income taxes	74	107	110	120	392	399	102	85	93	100	100	100	100	100	100	100
Total current assets	7,652	8,944	6,735	5,634	8,836	11,113	9,043	8,181	11,147	9,195	13,083	10,951	10,203	11,731	15,717	13,448
Property and equipment, net	2,297	2,305	2,303	2,257	2,241	2,261	2,264	2,180	2,169	2,189	2,209	2,229	2,249	2,269	2,289	2,309
Long term investments and other	610	618	606	671	667	663	655	1,450	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468
Goodwill and intangibles, net	8,972	8,930	8,880	8,895	8,842	8,827	8,743	8,564	8,534	8,334	8,134	7,934	7,734	7,534	7,334	7,134
Other	886	1,108	1,155	1,233	1,280	1,317	1,239	1,173	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259
Total assets	20,417	21,905	19,679	18,690	21,866	24,181	21,944	21,548	24,577	22,445	26,153	23,841	22,913	24,261	28,067	25,618
<b>Liabilities and stockholders' equity</b>																
Merchant payable	836	531	581	602	727	1,157	1,264	1,333	1,292	1,631	2,299	1,748	1,499	1,815	2,482	1,884
Accounts payable	859	518	521	496	565	778	769	688	934	816	1,149	874	750	907	1,241	942
Deferred merchant bookings	5,905	4,632	3,247	3,107	6,047	8,240	5,844	5,688	9,203	4,079	5,746	4,371	3,998	4,537	6,205	4,710
Deferred revenue	221	197	177	172	174	172	161	166	178	178	178	178	178	178	178	178
Accrued expenses and other	1,037	1,244	1,110	1,029	1,261	1,366	980	840	862	1,042	1,468	1,117	958	1,159	1,585	1,204
Short-term debt	750	750			753	753	735	735		0	0	0	0	0	0	0
Total current liabilities	9,608	7,872	5,636	5,406	8,774	11,713	9,751	9,450	12,469	7,746	10,840	8,289	7,382	8,597	11,691	8,918
Long-term debt	6,080	8,803	8,826	8,216	8,464	8,480	7,712	7,715	7,719	7,719	7,719	7,719	7,719	7,719	7,719	7,719
Deferred tax	58	74	105	67	23	22	55	58	58	58	58	58	58	58	58	58
Other long-term liabilities	930	931	978	975	895	873	824	773	764	764	764	764	764	764	764	764
Minority interest	1,471	1,469	1,480	1,494	1,479	1,486	1,488	1,495	1,489	1,489	1,489	1,489	1,489	1,489	1,489	1,489
Total other liabilities	8,539	11,277	11,389	10,752	10,861	10,861	10,079	10,041	10,030	10,030	10,030	10,030	10,030	10,030	10,030	10,030
Preferred stock		1,022	1,022	1,022	1,022	511	511			0	0	0	0	0	0	0
Common stock, class A		0	0	0						0	0	0	0	0	0	0
Common stock, class B		0	0	0						0	0	0	0	0	0	0
Additional paid-in capital	13,124	13,300	13,361	13,566	13,919	13,995	14,176	14,229	14,431	14,481	14,531	14,581	14,631	14,681	14,731	14,781
Treasury stock	(10,083)	(10,087)	(10,092)	(10,097)	(10,152)	(10,182)	(10,205)	(10,262)	(10,309)	(10,309)	(10,309)	(10,309)	(10,309)	(10,309)	(10,309)	(10,309)
Retained earnings (deficit)	(470)	(1,206)	(1,398)	(1,781)	(2,359)	(2,531)	(2,147)	(1,761)	(1,883)	(1,854)	(1,291)	(1,101)	(1,173)	(1,089)	(428)	(153)
Unearned compensation										2,513	2,513	2,513	2,513	2,513	2,513	2,513
Accumulated other comprehensive income	(301)	(273)	(239)	(178)	(199)	(186)	(221)	(149)	(161)	(161)	(161)	(161)	(161)	(161)	(161)	(161)
Total stockholders' equity	2,270	2,756	2,654	2,532	2,231	1,607	2,114	2,057	2,078	4,670	5,283	5,522	5,500	5,634	6,346	6,670
Total stockholders' equity and liabilities	20,417	21,905	19,679	18,690	21,866	24,181	21,944	21,548	24,577	22,445	26,153	23,841	22,913	24,261	28,067	25,618

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	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	56%	185%	46%	71%	92%	60%	28%	36%	53%	10%	10%	10%	10%	10%	10%	10%
Merchant payable as % of total rev	38%	94%	39%	65%	58%	55%	43%	58%	57%	60%	60%	60%	60%	60%	60%	60%
Deferred Merchant booking as % of total rev	267%	818%	216%	338%	485%	390%	197%	250%	409%	150%	150%	150%	160%	150%	150%	150%
Accounts payable as % of total rev	39%	92%	35%	54%	45%	37%	26%	30%	42%	30%	30%	30%	30%	30%	30%	30%
Accrued expenses as % of total rev	47%	220%	74%	112%	101%	65%	32%	37%	38%	38%	38%	38%	38%	38%	38%	38%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	58	159	50	69	73	61	45	50	69	40	37	30	48	40	37	30
A/P Days Payable	123	120	125	156	164	187	157	157	227	169	169	180	150	180	169	193
Merchant Days Payable (w/ Revenue)	34	84	35	59	53	49	38	53	52	54	54	54	54	54	54	54
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	\$15.55	\$16.91	\$18.78	\$17.78	\$15.37	\$10.78	\$13.50	\$13.02	\$13.29	\$29.83	\$33.70	\$35.19	\$35.00	\$35.81	\$40.28	\$42.29
Cash per Share (diluted)	\$33.64	\$41.63	\$36.10	\$29.20	\$43.30	\$53.77	\$42.28	\$38.01	\$52.04	\$48.65	\$70.34	\$61.10	\$54.22	\$63.46	\$85.71	\$76.00
Net cash per Share (diluted)	(\$13.14)	(\$16.96)	(\$26.36)	(\$28.48)	(\$15.00)	(\$3.11)	(\$11.80)	(\$15.47)	\$2.66	(\$0.66)	\$21.09	\$11.91	\$5.10	\$14.40	\$36.71	\$27.06
Total Debt	\$6,830	\$9,553	\$8,826	\$8,216	\$8,464	\$8,480	\$8,465	\$8,450	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719	\$7,719

Source: Company reports and Ascendant Capital Markets estimates

Expedia Group, Inc.

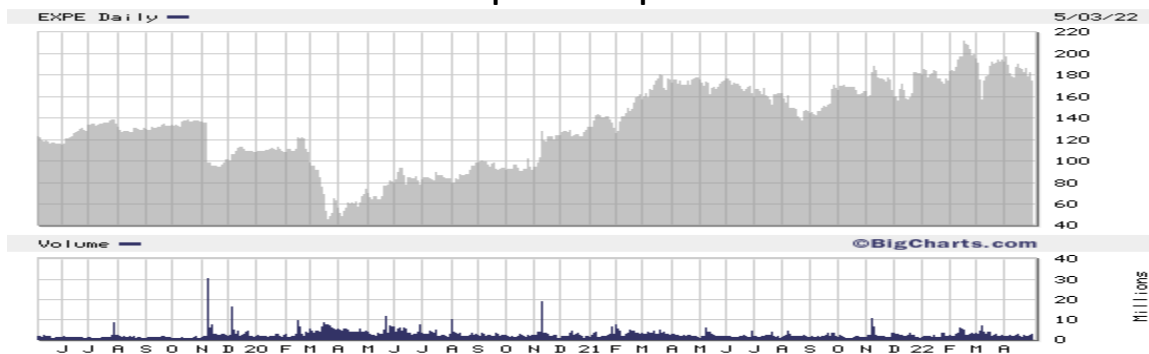
Cash Flow Statement (\$ millions)	Mar-20	Jun-20	Sep-20	Dec-20	2020	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2E	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Cash flow from operating activities</b>																				
Net income	(1,397)	(740)	(200)	(391)	(2,728)	(581)	(177)	378	395	15	(123)	29	563	190	659	(72)	84	661	275	948
Depreciation	185	191	183	180	739	182	179	177	177	715	175	155	155	155	640	155	155	155	155	620
Stock comp	55	54	47	49	205	83	120	116	99	418	90	50	50	50	240	50	50	50	50	200
Amortization of intangibles	44	41	37	207	329	27	26	24	22	99	22	200	200	200	622	200	200	200	200	800
Deferred tax	(108)	(171)	(89)	(120)	(488)	(175)	(66)	83	13	(145)	(101)	(7)	0	0	(108)	0	0	0	0	0
F/X gains/losses	79	(93)	(48)	(16)	(78)	33	(1)	65	24	121	17	0	0	0	17	0	0	0	0	0
Accrued			144	4	148			(33)	33	0		0	0	0	0	0	0	0	0	0
Impairments				799	799				20	20					0					0
Other gains/losses	1,074	37	(140)	(829)	142	272	4	4	(427)	(147)		0	0	0	0	0	0	0	0	0
Other	105	14	83	(202)	0	24	(18)	1	25	32	2	0	0	0	2	0	0	0	0	0
Changes in operating assets and liabilities:																				
Accounts receivable	1,086	393	157	145	1,781	(300)	(429)	(52)	60	(721)	(476)	528	(366)	604	289	(361)	(12)	(356)	654	(75)
Prepaid expenses & other current as	(791)	206	366	31	(188)	(495)	(119)	424	(34)	(224)	(356)	911	(111)	92	536	42	(53)	(111)	100	(23)
Merchant payable	(1,082)	(307)	49	20	(1,320)	126	430	107	114	777	(41)	339	667	(550)	415	(249)	316	667	(598)	136
Accounts payable	(129)	(115)	(28)	(128)	(400)	34	319	(115)	(100)	138	267	(118)	334	(275)	207	(125)	158	334	(299)	68
Deferred merchant bookings	226	(1,284)	(1,379)	(139)	(2,576)	2,340	2,244	(2,397)	(145)	2,642	3,515	(5,124)	1,668	(1,375)	(1,317)	(373)	539	1,668	(1,494)	339
Deferred revenue	(99)	(22)	(21)		(142)	2	(2)	(8)	6	(2)	13	0	0	0	13	0	0	0	0	0
Income tax payable and other	(32)	(50)	20	5	(57)	(2)	4	5	3	10	(13)	180	426	(351)	242	(159)	202	426	(382)	87
<b>Net cash (used in) provided by oper</b>	<b>(784)</b>	<b>(1,846)</b>	<b>(819)</b>	<b>(385)</b>	<b>(3,834)</b>	<b>2,170</b>	<b>2,514</b>	<b>(1,221)</b>	<b>285</b>	<b>3,748</b>	<b>2,991</b>	<b>(2,858)</b>	<b>3,585</b>	<b>(1,262)</b>	<b>2,456</b>	<b>(893)</b>	<b>1,639</b>	<b>3,693</b>	<b>(1,340)</b>	<b>3,099</b>
<b>Cash flow from investing activities</b>																				
Purchases of property and equipment	(287)	(206)	(176)	(128)	(797)	(168)	(183)	(179)	(143)	(673)	(156)	(175)	(175)	(175)	(681)	(175)	(175)	(175)	(175)	(700)
Purchases of short-term investments	(285)	(400)			(685)		11	11	(200)	(178)	200	0	0	0	200	0	0	0	0	0
Sale of short-term investments	585	176	400		1,161					0	0	0	0	0	0	0	0	0	0	0
Acquisitions					0				(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	0
Other	19	57	10	(28)	58	(12)	(61)	75	(22)	(20)	(31)	0	0	0	(31)	0	0	0	0	0
<b>Net cash used in investing activities</b>	<b>32</b>	<b>(373)</b>	<b>234</b>	<b>(156)</b>	<b>(263)</b>	<b>(180)</b>	<b>(233)</b>	<b>(93)</b>	<b>(425)</b>	<b>(931)</b>	<b>13</b>	<b>(175)</b>	<b>(175)</b>	<b>(175)</b>	<b>(512)</b>	<b>(175)</b>	<b>(175)</b>	<b>(175)</b>	<b>(175)</b>	<b>(700)</b>
<b>Cash flow from financing activities</b>																				
Term loan borrowing (net)	1,900	2,714	(768)	(651)	3,195	261	1,703	(3,200)	(1,236)	(724)	0	0	0	0	(724)	0	0	0	0	0
Repurchase of common stock	(410)	1,128	(5)	(6)	707	(55)	(2,527)		2,582	0	(47)	0	0	0	(47)	0	0	0	0	0
Dividends	(48)	(17)		(58)	(123)		(50)		(17)	(67)	0	0	0	0	0	0	0	0	0	0
Proceeds from stock option exercise	86	10	9	214	319	269	110	42	82	503	101	0	0	0	101	0	0	0	0	0
Change in restricted cash					0					0	0	0	0	0	0	0	0	0	0	0
Other	(11)	(19)	2	7	(21)	(265)	261	8	(12)	(8)	7	0	0	0	7	0	0	0	0	0
Proceeds from issuance of common stock					0		(85)	(23)	(57)	(165)	0	0	0	0	0	0	0	0	0	0
<b>Cash provided by (used in) financin</b>	<b>1,517</b>	<b>3,816</b>	<b>(762)</b>	<b>(494)</b>	<b>4,077</b>	<b>210</b>	<b>(588)</b>	<b>27</b>	<b>(622)</b>	<b>(973)</b>	<b>(663)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(663)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Effect of exchange rate on cash and ca	(141)	48	62	92	61	(73)	47	(100)	(51)	(177)	(11)	0	0	0	(11)	0	0	0	0	0
<b>Net increase (decrease) in cash and</b>	<b>624</b>	<b>1,645</b>	<b>(1,285)</b>	<b>(943)</b>	<b>41</b>	<b>2,127</b>	<b>1,740</b>	<b>(1,387)</b>	<b>(813)</b>	<b>1,667</b>	<b>2,330</b>	<b>(3,033)</b>	<b>3,410</b>	<b>(1,437)</b>	<b>1,270</b>	<b>(1,068)</b>	<b>1,464</b>	<b>3,518</b>	<b>(1,515)</b>	<b>2,399</b>
Beginning cash and equivalents	4,027	4,651	6,296	5,011	4,027	4,068	6,195	7,935	6,548	4,068	5,735	8,065	5,032	8,442	5,735	7,005	5,937	7,401	10,919	7,005
<b>Ending cash and equivalents</b>	<b>4,651</b>	<b>6,296</b>	<b>5,011</b>	<b>4,068</b>	<b>4,068</b>	<b>6,195</b>	<b>7,935</b>	<b>6,548</b>	<b>5,735</b>	<b>5,735</b>	<b>8,065</b>	<b>5,032</b>	<b>8,442</b>	<b>7,005</b>	<b>7,005</b>	<b>5,937</b>	<b>7,401</b>	<b>10,919</b>	<b>9,404</b>	<b>9,404</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.

### 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	135.00
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

- 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 April 17, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	41	98%	13	32%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	42	100%	13	31%



### **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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