



# Expedia Group, Inc.

Q2 EPS upside and maintained solid 2023 guidance as travel growth strong. Lowering P/T to \$133.

## COMPANY UPDATE

Rating: BUY

Ticker: EXPE

Price: \$106.91

Target: \$133.00  
(from \$142)

**Q2 EPS upside:** Expedia recently (on August 3) reported its fiscal Q2 2023 (ending June) results. Revenue was \$3,358 million (+6% y-o-y), compared to our estimate of \$3,399 million and consensus of \$3,369 million. Pro forma EPS was \$2.89, compared to our estimate of \$1.79 and consensus of \$2.31. Q2 general qualitative guidance was for revenue to grow “mid-single digits”.

**Q2 growth:** Gross bookings were \$27.3 billion (+5% y-o-y), compared with our estimate of \$28.3 billion. Hotel room nights were +13% y-o-y reflecting continued strong growth as the travel industry is very strong now. EPS benefited from cost savings and management.

**Q3 tracking high-single digits:** In the current Q3, the company expects Q3 gross bookings to grow “high-single digits” as the travel industry remains strong. Q3 revenue is expected to grow less than bookings growth, but above the 6% (y-o-y) growth in Q2.

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

**Lowering 2023 estimates:** We are lowering our 2023 estimates for revenue to \$12.9 billion, from \$13.0 billion, and for EPS to \$8.61 from \$8.68.

**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 lowering our 12-month price target to \$133 from \$142, which reflects a P/E of 13x our 2024 EPS estimate of \$10.24. This multiple is about inline with Expedia’s long-term normalized earnings growth rate.

### Company Description

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

United States  
Internet Software and Services

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### Stock Data

Exchange:	NasdaqGS
52-week Range:	\$82.39 – 124.95
Shares Outstanding (million):	148
Market cap (\$million):	\$15,836
EV (\$million):	\$13,298
Debt (\$million):	\$6,247
Cash (\$million):	\$8,785
Avg. Daily Trading Vol. (\$million):	\$267
Float (million shares):	137
Short Interest (million shares):	7
Dividend, annual (yield):	\$0 (N/A)

### Revenues (US\$ million)

	2023E (Cur.)	2023E (Old)	2024E (Cur.)	2024E (Old)
Q1 Mar	2,665A		2,819E	
Q2 Jun	3,358A	3,399E	3,629E	3,651E
Q3 Sep	3,872E	4,039E	4,186E	4,368E
Q4 Dec	<u>3,006E</u>	<u>2,910E</u>	<u>3,251E</u>	<u>3,146E</u>
Total	12,901E	13,013E	13,884E	13,984E
EV/Revs	1.0x		1.0x	

### Earnings per Share (pro forma)

	2023E (Cur.)	2023E (Old)	2024E (Cur.)	2024E (Old)
Q1 Mar	(0.20)A		0.01E	0.62E
Q2 Jun	2.89A	1.79E	2.60E	1.78E
Q3 Sep	4.53E	5.02E	5.78E	5.50E
Q4 Dec	<u>1.45E</u>	<u>2.11E</u>	<u>1.84E</u>	<u>2.20E</u>
Total	8.61E	8.68E	10.24E	10.11E
P/E	12x		10x	

### 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**

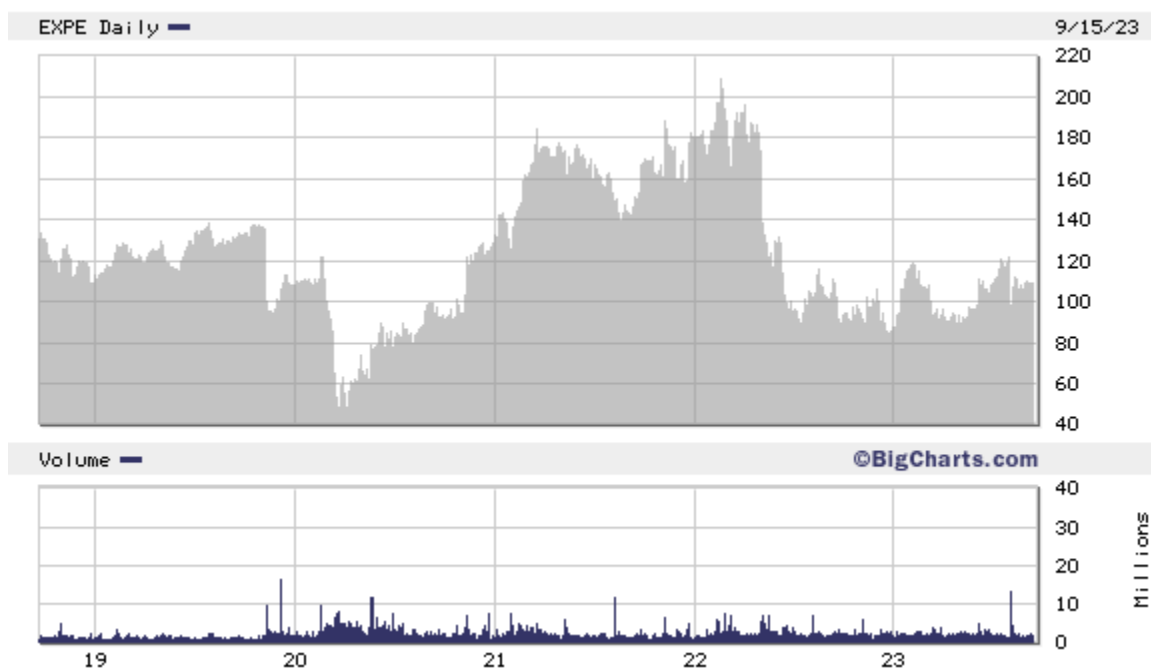
- Expedia recently (on August 3) reported its fiscal Q2 2023 (ending June) results.
- Revenue was \$3,358 million (+6% y-o-y), compared to our estimate of \$3,399 million and consensus of \$3,369 million.
- Pro forma EPS was \$2.89, compared to our estimate of \$1.79 and consensus of \$2.31.
- EBITDA was \$747 million, compared to our estimate of \$680 million and \$648 million in Q2 2022.
- Q2 general qualitative guidance was for revenue to grow “mid-single digits”.
- Gross bookings were \$27.3 billion (+5% y-o-y), compared with our estimate of \$28.3 billion.
- The company maintained its general qualitative guidance for “double digit” revenue and earnings growth in 2023.
- The company provided general qualitative guidance for Q3 revenue to grow about 7% (our guess).
- We are lowering our 2023 estimates for revenue to \$12.9 billion, from \$13.0 billion, and for EPS to \$8.61 from \$8.68.
- We are adjusting our 2024 estimates for revenue to \$13.9 billion, from \$14.0 billion, and for EPS to \$10.24 from \$10.11.

## **ADDITIONAL DETAILS**

- Revenue by product was: Hotels 80%, Air 3%, Advertising 6%, and Other 10% (compared with Q2 2022’s Hotels 75%, Air 3%, Advertising 7%, and Other 15%).
- Revenue growth by product was: Hotels +12%, Air +8%, Advertising -11%, and Other -21% (compared with Q2 2022’s Hotels +57%, Air +22%, Advertising +33%, and Other +39%).
- Revenue as a percentage of gross bookings was 12.3%, compared with our estimate of 12.0% and 12.2% in Q2 2022.
- Gross profit for the quarter was \$2,951 million, compared with our estimate of \$2,923 million.
- Gross margin for the quarter was 88%, versus our expectation of 86% and 87% last year.
- Operating expenses were \$2,508 million, versus our expectation of \$2,648 million.
- Operating income was \$443 million, versus our expectation of \$275 million.
- Pro forma net income was \$428 million, versus our expectation of \$267 million.

The company’s balance sheet remains solid with \$8.8 billion in cash and \$6.2 billion in debt (~\$17 share in net cash), compared with \$8.4 billion in cash and \$6.2 billion in debt at the end of March.

**Exhibit 1: Expedia Stock Price (Five Years)**



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

**Exhibit 2: Consensus Expectations (as of August 3, 2023)**

	Revenue (mil)			EPS	
	2023E	2024E		2023E	2024E
Q1 Mar	\$2,665A		Q1 Mar	\$(0.20)A	
Q2 Jun	\$3,369E		Q2 Jun	\$2.31E	
Q3 Sep	\$3,930E		Q3 Sep	\$5.32E	
Q4 Dec			Q4 Dec		
Total	\$12,921E	\$14,069E	Total	\$9.23E	\$11.71E

\*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	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
<b>Revenue</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>3,181</b>	<b>3,619</b>	<b>2,618</b>	<b>11,667</b>	<b>2,665</b>	<b>3,358</b>	<b>3,872</b>	<b>3,006</b>	<b>12,901</b>	<b>2,819</b>	<b>3,629</b>	<b>4,186</b>	<b>3,251</b>	<b>13,884</b>
Cost of Revenues	311	374	442	395	1,522	371	419	455	412	1,657	414	407	480	472	1,773	437	439	519	510	1,905
Gross Profit	935	1,737	2,520	1,884	7,076	1,878	2,762	3,164	2,206	10,010	2,251	2,951	3,392	2,534	11,128	2,382	3,190	3,667	2,740	11,979
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	1,770	1,820	1,563	6,827	1,671	1,780	1,842	1,625	6,919
Technology and content	247	276	277	274	1,074	270	284	310	317	1,181	317	344	333	361	1,355	366	435	335	423	1,559
General and administrative	156	184	182	183	705	186	189	187	186	748	184	194	279	231	888	225	363	293	258	1,140
Depreciation and amortization	209	205	201	199	814	197	197	199	199	792	192	199	200	200	791	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
<b>Total operating expenses</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>2,417</b>	<b>2,417</b>	<b>2,078</b>	<b>8,925</b>	<b>2,372</b>	<b>2,508</b>	<b>2,633</b>	<b>2,357</b>	<b>9,869</b>	<b>2,464</b>	<b>2,779</b>	<b>2,671</b>	<b>2,507</b>	<b>10,422</b>
<b>Operating income (loss)</b>	<b>(369)</b>	<b>(132)</b>	<b>524</b>	<b>163</b>	<b>186</b>	<b>(135)</b>	<b>345</b>	<b>747</b>	<b>128</b>	<b>1,085</b>	<b>(121)</b>	<b>443</b>	<b>759</b>	<b>178</b>	<b>1,259</b>	<b>(83)</b>	<b>410</b>	<b>996</b>	<b>233</b>	<b>1,557</b>
Interest income (expense)	(96)	(82)	(84)	(80)	(342)	(78)	(63)	(43)	(33)	(217)	(18)	2	(28)	(28)	(71)	(37)	(41)	(25)	(8)	(111)
Other and minority interest	(310)	(134)	9	269	(166)	6	(409)	(8)	90	(321)	73	17	(5)	(5)	80	(5)	(5)	(5)	(5)	(20)
Income before income taxes	(775)	(348)	449	352	(322)	(207)	(127)	696	185	547	(66)	462	726	145	1,267	(125)	364	966	220	1,426
Income taxes	(169)	(47)	87	76	(53)	(85)	58	214	8	195	79	77	156	30	343	(26)	78	208	46	306
Net income (loss)	(606)	(301)	362	276	(269)	(122)	(185)	482	177	352	(145)	385	570	115	925	(98)	286	759	174	1,120
Nonrecurring/noncash adjustment	313	132	191	(109)	527	48	495	158	19	720	115	43	100	100	358	100	100	100	100	400
<b>Net income</b>	<b>(294)</b>	<b>(169)</b>	<b>553</b>	<b>167</b>	<b>258</b>	<b>(74)</b>	<b>310</b>	<b>640</b>	<b>196</b>	<b>1,072</b>	<b>(30)</b>	<b>428</b>	<b>670</b>	<b>215</b>	<b>1,283</b>	<b>2</b>	<b>386</b>	<b>859</b>	<b>274</b>	<b>1,520</b>
EBITDA (total)	(58)	201	855	479	1,477	173	648	1,079	449	2,349	185	747	1,164	583	2,679	322	815	1,401	638	3,177
Shares, Basic	145.2	149.1	151.0	153.5	149.7	156.3	157.3	157.6	155.4	156.7	152.5	147.2	147.2	147.2	148.5	147.3	147.4	147.5	147.6	147.4
Shares, Diluted	145.2	149.1	156.5	158.0	156.3	156.3	158.5	157.9	155.6	157.8	152.5	147.9	147.9	147.9	149.1	148.1	148.3	148.5	148.7	148.4
EPS Basic (Pro forma)	(2.02)	(1.13)	3.66	1.09	1.72	(0.47)	1.97	4.06	1.26	6.84	(0.20)	2.91	4.55	1.46	8.64	0.01	2.62	5.82	1.86	10.31
EPS Diluted (Pro forma)	(2.02)	(1.13)	3.53	1.06	1.65	(0.47)	1.96	4.05	1.26	6.79	(0.20)	2.89	4.53	1.45	8.61	0.01	2.60	5.78	1.84	10.24
<b>Income Statement Ratios</b>																				
Gross margin	75.0%	82.3%	85.1%	82.7%	82.3%	83.5%	86.8%	87.4%	84.3%	85.8%	84.5%	87.9%	87.6%	84.3%	86.3%	84.5%	87.9%	87.6%	84.3%	86.3%
Sales and marketing	53.3%	56.8%	44.4%	45.8%	49.1%	59.5%	53.9%	46.1%	52.6%	52.3%	62.8%	52.7%	47.0%	52.0%	52.9%	59.3%	49.1%	44.0%	50.0%	49.8%
Technology and content	19.8%	13.1%	9.4%	12.0%	12.5%	12.0%	8.9%	8.6%	12.1%	10.1%	11.9%	10.2%	8.6%	12.0%	10.5%	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%	5.8%	7.2%	7.7%	6.9%	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%	13.2%	19.6%	5.9%	9.8%	-2.9%	11.3%	23.8%	7.2%	11.2%
Tax rate, GAAP	21.8%	13.5%	19.4%	21.6%	16.5%	41.1%	-45.7%	30.7%	4.3%	35.6%	-119.7%	16.7%	21.5%	21.0%	27.0%	21.0%	21.5%	21.5%	21.0%	21.5%
Net margin	-48.6%	-14.3%	12.2%	12.1%	-3.1%	-5.4%	-5.8%	13.3%	6.8%	3.0%	-5.4%	11.5%	14.7%	3.8%	7.2%	-3.5%	7.9%	18.1%	5.3%	8.1%
<b>Y/Y % change</b>																				
Revenue	-44%	273%	97%	148%	65%	80%	51%	22%	15%	36%	18%	6%	7%	15%	11%	6%	8%	8%	8%	8%
Gross margin	-41%	881%	123%	198%	101%	101%	59%	26%	17%	41%	20%	7%	7%	15%	11%	6%	8%	8%	8%	8%
Sales and marketing	-45%	305%	148%	104%	66%	102%	43%	27%	32%	45%	25%	3%	9%	14%	12%	0%	1%	1%	4%	1%
Technology and content	-20%	8%	24%	23%	6%	9%	3%	12%	16%	10%	17%	21%	7%	14%	15%	16%	27%	1%	17%	15%
General and administrative	-17%	21%	36%	48%	18%	19%	3%	3%	2%	6%	-1%	3%	49%	24%	19%	23%	87%	5%	12%	28%
Operating income (loss)	NM	NM	NM	NM	NM	NM	NM	43%	-21%	483%	NM	28%	2%	39%	16%	NM	-7%	31%	31%	24%
Net income (loss)	NM	NM	NM	NM	NM	NM	NM	33%	-36%	NM	NM	NM	18%	-35%	163%	NM	-26%	33%	52%	21%
EPS Diluted (Pro forma)	NM	NM	NM	NM	NM	NM	NM	15%	19%	312%	NM	48%	12%	15%	27%	NM	-10%	28%	27%	19%

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	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	
<b>Assets</b>																	
Cash and cash equivalents	4,291	5,464	5,031	4,111	5,552	5,568	4,588	4,096	5,904	6,274	6,294	5,072	4,517	6,659	8,929	7,639	
Restricted cash	1,972	2,541	1,587	1,694	2,583	2,756	1,778	1,755	2,483	2,484	2,484	2,484	2,484	2,484	2,484	2,484	
Short term investments	23	11	200			26	49	48	44	27	27	27	27	27	27	27	
Accounts receivable, net	1,007	1,440	1,485	1,264	1,736	2,173	1,991	2,078	2,523	2,903	1,592	1,002	1,503	1,613	1,721	1,084	
Prepaid merchant																	
Prepaid expenses and other current assets	1,151	1,258	838	827	1,183	1,158	799	774	1,119	1,055	387	301	282	363	419	325	
Deferred income taxes	392	399	102	85	93	105	65	40	53	70	100	100	100	100	100	100	
<b>Total current assets</b>	<b>8,836</b>	<b>11,113</b>	<b>9,043</b>	<b>8,181</b>	<b>11,147</b>	<b>11,786</b>	<b>9,270</b>	<b>8,791</b>	<b>12,126</b>	<b>12,813</b>	<b>10,884</b>	<b>8,986</b>	<b>8,913</b>	<b>11,246</b>	<b>13,680</b>	<b>11,659</b>	
Property and equipment, net	2,241	2,261	2,264	2,180	2,169	2,163	2,169	2,210	2,260	2,318	2,338	2,358	2,378	2,398	2,418	2,438	
Long term investments and other	667	663	655	1,450	1,468	1,151	1,122	1,184	1,198	1,202	1,202	1,202	1,202	1,202	1,202	1,202	
Goodwill and intangibles, net	8,842	8,827	8,743	8,564	8,534	8,441	8,332	8,352	8,346	8,330	8,130	7,930	7,730	7,530	7,330	7,130	
Other	1,280	1,317	1,239	1,173	1,259	1,203	986	1,024	1,056	1,013	1,013	1,013	1,013	1,013	1,013	1,013	
<b>Total assets</b>	<b>21,866</b>	<b>24,181</b>	<b>21,944</b>	<b>21,548</b>	<b>24,577</b>	<b>24,744</b>	<b>21,879</b>	<b>21,561</b>	<b>24,986</b>	<b>25,676</b>	<b>23,567</b>	<b>21,489</b>	<b>21,236</b>	<b>23,389</b>	<b>25,643</b>	<b>23,442</b>	
<b>Liabilities and stockholders' equity</b>																	
Merchant payable	727	1,157	1,264	1,333	1,292	1,548	1,535	1,709	1,531	1,775	2,047	1,589	1,490	1,918	2,213	1,718	
Accounts payable	565	778	769	688	934	1,178	1,132	947	1,010	1,066	1,162	902	846	1,089	1,256	975	
Deferred merchant bookings	6,047	8,240	5,844	5,688	9,203	10,041	7,457	7,151	11,036	11,523	5,808	4,509	4,510	5,443	6,280	4,876	
Deferred revenue	174	172	161	166	178	173	160	163	186	185	185	185	185	185	185	185	
Accrued expenses and other	1,261	1,366	960	840	862	897	835	808	849	880	1,015	788	739	951	1,097	852	
Short-term debt			753	735							0	0	0	0	0	0	
<b>Total current liabilities</b>	<b>8,774</b>	<b>11,713</b>	<b>9,751</b>	<b>9,450</b>	<b>12,469</b>	<b>13,837</b>	<b>11,119</b>	<b>10,778</b>	<b>14,612</b>	<b>15,429</b>	<b>10,215</b>	<b>7,973</b>	<b>7,769</b>	<b>9,586</b>	<b>11,031</b>	<b>8,606</b>	
Long-term debt	8,464	8,480	7,712	7,715	7,719	6,727	6,237	6,240	6,243	6,247	6,247	6,247	6,247	6,247	6,247	6,247	
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	749	749	749	749	749	749	749	
Minority interest	1,479	1,486	1,488	1,495	1,489	1,471	1,445	1,445	1,458	1,457	1,457	1,457	1,457	1,457	1,457	1,457	
<b>Total other liabilities</b>	<b>10,861</b>	<b>10,861</b>	<b>10,079</b>	<b>10,041</b>	<b>10,030</b>	<b>8,997</b>	<b>8,492</b>	<b>8,500</b>	<b>8,542</b>	<b>8,488</b>	<b>8,488</b>	<b>8,488</b>	<b>8,488</b>	<b>8,488</b>	<b>8,488</b>	<b>8,488</b>	
Preferred stock	1,022	511	511								0	0	0	0	0	0	
Common stock, class A											0	0	0	0	0	0	
Common stock, class B											0	0	0	0	0	0	
Additional paid-in capital	13,919	13,995	14,176	14,229	14,431	14,549	14,674	14,795	14,938	15,072	15,122	15,172	15,222	15,272	15,322	15,372	
Treasury stock	(10,152)	(10,182)	(10,205)	(10,262)	(10,309)	(10,331)	(10,503)	(10,869)	(11,341)	(11,937)	(11,937)	(11,937)	(11,937)	(11,937)	(11,937)	(11,937)	
Retained earnings (deficit)	(2,359)	(2,531)	(2,147)	(1,761)	(1,883)	(2,068)	(1,586)	(1,409)	(1,554)	(1,169)	(599)	(484)	(583)	(297)	462	636	
Unearned compensation											2,484	2,484	2,484	2,484	2,484	2,484	
Accumulated other comprehensive (loss)	(199)	(186)	(221)	(149)	(161)	(240)	(317)	(234)	(211)	(207)	(207)	(207)	(207)	(207)	(207)	(207)	
<b>Total stockholders' equity</b>	<b>2,231</b>	<b>1,607</b>	<b>2,114</b>	<b>2,057</b>	<b>2,078</b>	<b>1,910</b>	<b>2,268</b>	<b>2,283</b>	<b>1,832</b>	<b>1,759</b>	<b>4,863</b>	<b>5,028</b>	<b>4,979</b>	<b>5,315</b>	<b>6,124</b>	<b>6,348</b>	
<b>Total stockholders' equity and liabilities</b>	<b>21,866</b>	<b>24,181</b>	<b>21,944</b>	<b>21,548</b>	<b>24,577</b>	<b>24,744</b>	<b>21,879</b>	<b>21,561</b>	<b>24,986</b>	<b>25,676</b>	<b>23,567</b>	<b>21,489</b>	<b>21,236</b>	<b>23,389</b>	<b>25,643</b>	<b>23,442</b>	

## 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	Q2A	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%	31%	10%	10%	10%	10%	10%	10%
Merchant payable as % of total rev	58%	55%	43%	58%	57%	49%	42%	65%	57%	53%	53%	53%	53%	53%	53%	53%
Deferred Merchant booking as % of total rev	485%	390%	197%	250%	409%	316%	206%	273%	414%	343%	150%	150%	160%	150%	150%	150%
Accounts payable as % of total rev	45%	37%	26%	30%	42%	37%	31%	36%	38%	32%	30%	30%	30%	30%	30%	30%
Accrued expenses as % of total rev	101%	65%	32%	37%	38%	28%	23%	31%	32%	26%	26%	26%	26%	26%	26%	26%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	73	61	45	50	69	61	50	71	85	78	37	30	48	40	37	30
A/P Days Payable	164	187	157	157	227	253	224	207	220	236	218	172	174	223	218	172
Merchant Days Payable (w/ Revenue)	53	49	38	53	52	44	38	59	52	48	48	48	48	48	48	48
<b>Book &amp; Cash Value (per share)</b>																
Book Value per Share (diluted)	\$15.37	\$10.78	\$13.50	\$13.02	\$13.29	\$12.05	\$14.36	\$14.67	\$12.01	\$11.89	\$32.88	\$33.99	\$33.62	\$35.84	\$41.23	\$42.68
Cash per Share (diluted)	\$43.30	\$53.77	\$42.28	\$38.01	\$52.04	\$52.68	\$40.62	\$37.91	\$55.29	\$59.39	\$59.52	\$51.26	\$47.45	\$61.83	\$77.02	\$68.25
Net cash per Share (diluted)	(\$15.00)	(\$3.11)	(\$11.80)	(\$15.47)	\$2.66	\$10.24	\$1.13	(\$2.19)	\$14.35	\$17.16	\$17.29	\$9.03	\$5.27	\$19.71	\$34.96	\$26.25
Total Debt	\$8,464	\$8,480	\$8,465	\$8,450	\$7,719	\$6,727	\$6,237	\$6,240	\$6,243	\$6,247	\$6,247	\$6,247	\$6,247	\$6,247	\$6,247	\$6,247

Source: Company reports and Ascendant Capital Markets estimates

**Expedia Group, Inc.**

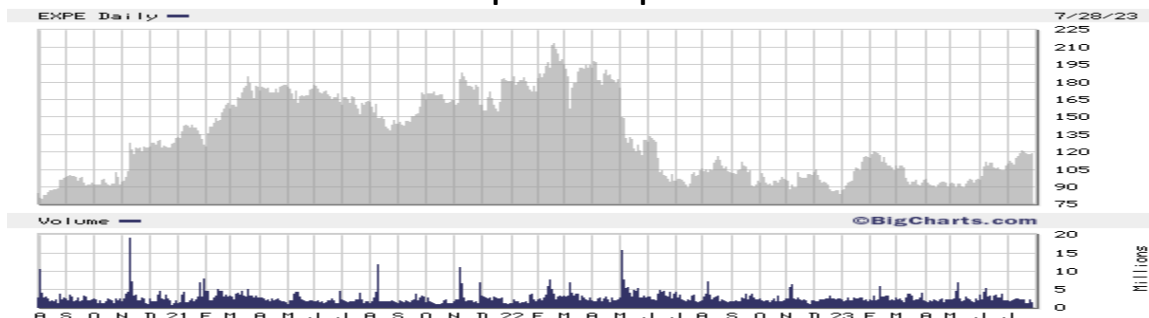
Cash Flow Statement (\$ millions)	Mar-21	Jun-21	Sep-21	Dec-21	2021	Mar-22	Jun-22	Sep-22	Dec-22	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
<b>Cash flow from operating activities</b>																					
Net income	(581)	(177)	378	395	15	(123)	(185)	476	175	343	(140)	387	570	115	932	(98)	286	759	174	1,120	
Depreciation	182	179	177	177	715	175	176	176	177	704	177	184	155	155	671	155	155	155	155	620	
Stock comp	83	120	116	99	418	90	93	97	94	374	103	106	50	50	309	50	50	50	50	200	
Amortization of intangibles	27	26	24	22	99	22	21	23	22	88	15	15	200	200	430	200	200	200	200	800	
Deferred tax	(175)	(66)	83	13	(145)	(101)	18	189	(36)	70	(57)	40	(30)	0	(47)	0	0	0	0	0	
F/X gains/losses	33	(1)	65	24	121	17	167	179	(157)	206	(20)	(9)	0	0	(29)	0	0	0	0	0	
Accrued			(33)	33	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)	(53)	0	0	(54)	0	0	0	0	0	
Other	24	(18)	1	25	32	2	(21)	(7)	(6)	(32)	14	14	0	0	28	0	0	0	0	0	
<b>Changes in operating assets and liabilities:</b>																					
Accounts receivable	(300)	(429)	(52)	60	(721)	(476)	(445)	173	(90)	(838)	(456)	(390)	1,311	590	1,055	(501)	(110)	(108)	638	(81)	
Prepaid expenses & other current as	(495)	(119)	424	(34)	(224)	(356)	26	361	24	55	(293)	146	668	87	607	19	(81)	(56)	94	(24)	
Merchant payable	126	430	107	114	777	(41)	255	(12)	173	375	(178)	244	272	(457)	(120)	(99)	428	295	(495)	129	
Accounts payable	34	319	(115)	(100)	138	267	272	(112)	(231)	196	79	96	96	(260)	11	(56)	243	167	(281)	73	
Deferred merchant bookings	2,940	2,244	(2,397)	(145)	2,642	3,515	839	(2,584)	(306)	1,464	3,885	486	(5,715)	(1,298)	(2,643)	0	933	837	(1,404)	367	
Deferred revenue	2	(2)	(8)	6	(2)	13	(5)	(13)	3	(2)			0	0	0	0	0	0	0	0	
Income tax payable and other	(2)	4	5	3	10	(13)	12	7	5	11	29	(120)	135	(227)	(183)	(49)	212	146	(245)	64	
<b>Net cash (used in) provided by oper.</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>1,628</b>	<b>(997)</b>	<b>(182)</b>	<b>3,440</b>	<b>3,157</b>	<b>1,146</b>	<b>(2,289)</b>	<b>(1,046)</b>	<b>967</b>	<b>(380)</b>	<b>2,318</b>	<b>2,444</b>	<b>(1,114)</b>	<b>3,267</b>	
<b>Cash flow from investing activities</b>																					
Purchases of property and equipment	(168)	(183)	(179)	(143)	(673)	(156)	(159)	(170)	(177)	(662)	(233)	(223)	(175)	(175)	(806)	(175)	(175)	(175)	(175)	(700)	
Purchases of short-term investments		11	11	(200)	(178)	200	(60)		5	145	5	17	0	0	22	0	0	0	0	0	
Sale of short-term investments					0					0			0	0	0	0	0	0	0	0	
Acquisitions				(60)	(60)					0			0	0	0	0	0	0	0	0	
Net settlement					0					0			0	0	0	0	0	0	0	0	
Other	(12)	(61)	75	(22)	(20)	(31)	(42)	(96)	106	(63)	33	13	0	0	46	0	0	0	0	0	
<b>Net cash used in investing activities</b>	<b>(180)</b>	<b>(233)</b>	<b>(93)</b>	<b>(425)</b>	<b>(931)</b>	<b>13</b>	<b>(261)</b>	<b>(266)</b>	<b>(66)</b>	<b>(580)</b>	<b>(195)</b>	<b>(193)</b>	<b>(175)</b>	<b>(175)</b>	<b>(738)</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)	261	1,703		(3,200)	(1,236)	(724)	(1,020)	(419)	0	(2,163)			0	0	0	0	0	0	0	0	
Repurchase of common stock	(55)	(2,527)		2,582	0	(47)	(22)	(172)	(366)	(607)	(469)	(593)	0	0	(1,062)	0	0	0	0	0	
Dividends		(50)		(17)	(67)					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	11	0	0	40	0	0	0	0	0	
Change in restricted cash					0					0			0	0	0	0	0	0	0	0	
Other	(265)	261	8	(12)	(8)	7	5	22	(19)	15	3	1	0	0	4	0	0	0	0	0	
Proceeds from issuance of common stock	(85)	(23)	(57)	(165)						0			0	0	0	0	0	0	0	0	
<b>Cash provided by (used in) financing</b>	<b>210</b>	<b>(588)</b>	<b>27</b>	<b>(622)</b>	<b>(973)</b>	<b>(663)</b>	<b>(1,024)</b>	<b>(558)</b>	<b>(379)</b>	<b>(2,624)</b>	<b>(437)</b>	<b>(581)</b>	<b>0</b>	<b>0</b>	<b>(1,018)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Effect of exchange rate on cash and ca	(73)	47	(100)	(51)	(177)	(11)	(154)	(137)	112	(190)	11	(1)	0	0	10	0	0	0	0	0	
<b>Net increase (decrease) in cash and</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>189</b>	<b>(1,958)</b>	<b>(515)</b>	<b>46</b>	<b>2,536</b>	<b>371</b>	<b>(2,464)</b>	<b>(1,221)</b>	<b>(779)</b>	<b>(555)</b>	<b>2,143</b>	<b>2,269</b>	<b>(1,289)</b>	<b>2,567</b>	
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	8,758	6,294	5,851	5,072	4,517	6,659	8,929	5,072	
<b>Ending cash and equivalents</b>	<b>6,195</b>	<b>7,935</b>	<b>6,548</b>	<b>5,735</b>	<b>5,735</b>	<b>8,135</b>	<b>8,324</b>	<b>6,366</b>	<b>5,851</b>	<b>5,851</b>	<b>8,387</b>	<b>8,758</b>	<b>6,294</b>	<b>5,072</b>	<b>5,072</b>	<b>4,517</b>	<b>6,659</b>	<b>8,929</b>	<b>7,639</b>	<b>7,639</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 Date		Price
Report	Date	Rating	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
60	6/11/2023	B	142.00

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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 Distribution of Investment Ratings (as of July 14, 2023)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	51	98%	16	31%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	52	100%	16	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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