



Expedia Group, Inc.

Large Q2 upside as travel growth returns. 2022 travel outlook above pre-pandemic levels. Lowering P/T to \$190.

COMPANY UPDATE

Rating: BUY

Ticker: EXPE

Price: \$109.17

Target: \$190.00
(from \$202)

Large Q2 upside: Expedia recently (on August 4) reported its fiscal Q2 2022 (ending June) results. Revenue was \$3,181 million (+51% y-o-y), compared to our estimate of \$2,719 million and consensus of \$3,001 million. Pro forma EPS was \$1.96, compared to our estimate of \$0.98 and consensus of \$1.58. There was no Q2 guidance.

Strong Q2: Gross bookings were \$26.1 billion (+26% y-o-y), compared with our estimate of \$22.7 billion. The company saw strong recovery in most of its business around the world. Vrbo (vacation homes) and domestic travel were strong. Total lodging bookings has now exceeded pre-pandemic levels, was +9% on a like-for-like basis versus Q2 2019.

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

Q3 and 2022 strength: In July, the company had lodging revenue about flat versus July 2019, but Q3 hotel bookings overall so far are exceeding Q3 2019 and the company expects this for Q4 as well.

No guidance: The company did not provide forward guidance.

Raising estimates: We are raising our 2022 estimates for revenue to \$12.2 billion, from \$11.7 billion, and for EPS to \$7.60 from \$6.91.

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, we believe Expedia has returned to and even above normalized (pre-pandemic) business in 2022. The company expects increased consumer confidence and pent up demand to drive a rebound in the travel industry over the next several years.

Positive risk versus reward: Despite volatility from the coronavirus (which we believe future impact will be relatively minimal) and macro conditions, we continue to be positive on Expedia longer term. We believe longer term, traveling and the travel industry has now returned relatively back to normal and will continue to grow stronger and that 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 \$190 from \$202, which reflects a P/E of 20x our 2023 EPS estimate of \$9.50. 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:	\$88.70 – 217.72
Shares Outstanding (million):	159
Market cap (\$million):	\$17,358
EV (\$million):	\$15,735
Debt (\$million):	\$6,727
Cash (\$million):	\$8,350
Avg. Daily Trading Vol. (\$million):	\$305
Float (million shares):	151
Short Interest (million shares):	7
Dividend, annual (yield):	\$0 (N/A)

Revenues (US\$ million)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	2,249A		2,419E	2,499E
Q2 Jun	3,181A	2,719E	3,429E	3,025E
Q3 Sep	3,831E		4,075E	4,136E
Q4 Dec	2,914E		3,095E	3,140E
Total	12,175E	11,713E	13,018E	12,800E
EV/Revs	1.3x		1.2x	

Earnings per Share (pro forma)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	(0.47)A		0.37E	0.34E
Q2 Jun	1.96A	0.98E	1.66E	1.33E
Q3 Sep	4.24E	4.39E	4.95E	4.99E
Q4 Dec	1.85E	2.01E	2.52E	2.53E
Total	7.60E	6.91E	9.50E	9.20E
P/E	14x		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 August 4) reported its fiscal Q2 2022 (ending June) results.
- Revenue was \$3,181 million (+51% y-o-y), compared to our estimate of \$2,719 million and consensus of \$3,001 million.
- Pro forma EPS was \$1.96, compared to our estimate of \$0.98 and consensus of \$1.58.
- EBITDA was \$648 million, compared to our estimate of \$557 million and \$201 million in Q2 2021.
- There was no Q2 guidance.
- Gross bookings were \$26.1 billion (+26% y-o-y), compared with our estimate of \$22.7 billion.
- The company did not provide Q3 guidance.
- We are raising our 2022 estimates for revenue to \$12.2 billion, from \$11.7 billion, and for EPS to \$7.60 from \$6.91.
- We are raising our 2023 estimates for revenue to \$13.0 billion, from \$12.8 billion, and for EPS to \$9.50 from \$9.20.

ADDITIONAL DETAILS

- Revenue by product was: Hotels 75%, Air 3%, Advertising 7%, and Other 15% (compared with Q2 2021's Hotels 73%, Air 4%, Advertising 8%, and Other 15%).
- Revenue growth by product was: Hotels +57%, Air +22%, Advertising +33%, and Other +39% (compared with Q2 2021's Hotels +215%, Air N/A, Advertising N/A, and Other N/A).
- Revenue as a percentage of gross bookings was 12.2%, compared with our estimate of 12.0% and 10.1% in Q2 2021.
- Gross profit for the quarter was \$2,762 million, compared with our estimate of \$2,284 million.
- Gross margin for the quarter was 87%, versus our expectation of 84% and 82% last year.
- Operating expenses were \$2,417 million, versus our expectation of \$2,132 million.
- Operating income was \$345 million, versus our expectation of \$152 million.
- Pro forma net income was \$310 million, versus our expectation of \$154 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 \$8.4 billion in cash and \$6.7 billion in debt (~\$10 share in net cash), compared with \$8.1 billion in cash and \$7.7 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 4, 2022)

	Revenue (mil)			EPS	
	2022E	2023E		2022E	2023E
Q1 Mar	\$2,249A		Q1 Mar	\$(0.47)A	
Q2 Jun	\$3,001E		Q2 Jun	\$1.58E	
Q3 Sep	\$3,642E		Q3 Sep	\$4.14E	
Q4 Dec			Q4 Dec		
Total	\$11,698E	\$13,331E	Total	\$7.09E	\$9.64E

*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	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Revenue	2,209	566	1,504	920	5,199	1,246	2,111	2,962	2,279	8,598	2,249	3,181	3,831	2,914	12,175	2,419	3,429	4,075	3,095	13,018	
Cost of Revenues	629	389	375	287	1,680	311	374	442	395	1,522	371	419	575	437	1,802	435	514	646	433	2,029	
Gross Profit	1,580	177	1,129	633	3,519	935	1,737	2,520	1,884	7,076	1,878	2,762	3,256	2,477	10,373	1,983	2,915	3,429	2,662	10,989	
Operating expenses:																					
Sales and marketing	1,210	296	529	511	2,546	664	1,199	1,314	1,044	4,221	1,339	1,716	1,647	1,352	6,054	1,258	1,680	1,671	1,362	5,971	
Technology and content	308	255	224	223	1,010	247	276	277	274	1,074	270	284	379	379	1,312	314	411	326	402	1,454	
General and administrative	187	152	134	124	597	156	184	182	183	705	186	189	230	232	837	193	343	285	246	1,068	
Depreciation and amortization	229	232	220	212	893	209	205	201	199	814	197	197	200	200	794	200	200	200	200	800	
Legal and tax reserves	(21)	8	2	(2)	(13)	(1)	(8)	10		1	21	2	1	1	25	1	1	1	1	4	
Restructuring and other	961	83	133	28	1,205	29	13	12	21	75		29	0	0	29	0	0	0	0	0	
Total operating expenses	2,874	1,026	1,242	1,096	6,238	1,304	1,869	1,996	1,721	6,890	2,013	2,417	2,458	2,164	9,051	1,967	2,636	2,483	2,211	9,297	
Operating income (loss)	(1,294)	(849)	(113)	(463)	(2,719)	(369)	(132)	524	163	186	(135)	345	799	313	1,322	17	279	946	450	1,692	
Interest income (expense)	(40)	(92)	(110)	(100)	(342)	(96)	(82)	(84)	(80)	(342)	(78)	(63)	(96)	(95)	(332)	(96)	(97)	(95)	(94)	(381)	
Other and minority interest	(49)	(25)	(22)	47	(49)	(310)	(134)	9	269	(166)	6	(409)	(5)	(5)	(413)	(5)	(5)	(5)	(5)	(20)	
Income before income taxes	(1,383)	(966)	(245)	(516)	(3,110)	(775)	(348)	449	352	(322)	(207)	(127)	698	213	577	(84)	177	846	352	1,291	
Income taxes	(82)	(213)	(24)	(104)	(423)	(169)	(47)	87	76	(53)	(85)	58	150	45	168	(18)	38	182	74	276	
Net income (loss)	(1,301)	(753)	(221)	(412)	(2,687)	(606)	(301)	362	276	(269)	(122)	(185)	548	168	409	(67)	139	664	278	1,015	
Nonrecurring/noncash adjustment	1,043	176	190	36	1,445	313	132	191	(109)	527	48	495	125	125	793	125	125	125	125	500	
Net income	(258)	(577)	(31)	(376)	(1,242)	(294)	(169)	553	167	258	(74)	310	673	293	1,202	58	264	789	403	1,515	
EBITDA (total)	(76)	(436)	304	(160)	(368)	(58)	201	855	479	1,477	173	648	1,204	718	2,743	422	684	1,351	855	3,312	
Shares, Basic	140.8	141.1	141.3	142.4	141.4	145.2	149.1	151.0	153.5	149.7	156.3	157.3	157.4	157.5	157.1	157.6	157.7	157.8	157.9	157.7	
Shares, Diluted	146.0	163.0	141.3	142.4	148.2	145.2	149.1	156.5	158.0	156.3	156.3	158.5	158.7	158.9	158.1	159.1	159.3	159.5	159.7	159.4	
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)	1.97	4.28	1.86	7.65	0.37	1.68	5.00	2.55	9.60	
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)	1.96	4.24	1.85	7.60	0.37	1.66	4.95	2.52	9.50	
Income Statement Ratios																					
Gross margin	71.5%	31.3%	75.1%	68.8%	67.7%	75.0%	82.3%	85.1%	82.7%	82.3%	83.5%	86.8%	85.0%	85.0%	85.2%	82.0%	85.0%	84.2%	86.0%	84.4%	
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%	53.9%	43.0%	46.4%	49.7%	52.0%	49.0%	41.0%	44.0%	45.9%	
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%	8.9%	9.9%	13.0%	10.8%	13.0%	12.0%	8.0%	13.0%	11.2%	
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%	5.9%	6.0%	8.0%	6.9%	8.0%	10.0%	7.0%	8.0%	8.2%	
Operating margin	-58.6%	-150.0%	-7.5%	-50.3%	-52.3%	-29.6%	-6.3%	17.7%	7.2%	2.2%	-6.0%	10.8%	20.9%	10.7%	10.9%	0.7%	8.1%	23.2%	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%	-45.7%	21.5%	21.0%	29.1%	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%	-5.8%	14.3%	5.8%	3.4%	-2.8%	4.1%	16.3%	9.0%	7.8%	
YY % change																					
Revenue	-15%	-82%	-58%	-67%	-57%	-44%	273%	97%	148%	65%	80%	51%	29%	28%	42%	8%	8%	6%	6%	7%	
Gross margin	-25%	-93%	-62%	-71%	-64%	-41%	881%	123%	198%	101%	101%	59%	29%	31%	47%	6%	6%	5%	7%	6%	
Sales and marketing	-21%	-82%	-68%	-60%	-59%	-45%	305%	148%	104%	66%	102%	43%	25%	30%	43%	-6%	-2%	1%	1%	-1%	
Technology and content	-28%	-41%	-49%	-51%	-43%	-20%	8%	24%	23%	6%	9%	3%	37%	38%	22%	16%	45%	-14%	6%	11%	
General and administrative	-2%	-29%	-38%	-45%	-30%	-17%	21%	36%	48%	18%	19%	3%	26%	27%	19%	4%	81%	24%	6%	28%	
Operating income (loss)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	-19%	18%	44%	28%	
Net income (loss)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	21%	65%	148%
EPS Diluted (Pro forma)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	362%	NM	-15%	17%	37%	25%	

Source: Company reports and Ascendant Capital Markets estimates

Expedia Group, Inc.

Balance Sheet (\$ millions)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Fiscal Year End: December 31	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Assets																
Cash and cash equivalents	3,905	5,053	4,353	3,363	4,291	5,464	5,031	4,111	5,552	5,568	6,586	5,325	4,188	6,576	8,914	7,645
Restricted cash	813	1,311	725	772	1,972	2,541	1,587	1,694	2,583	2,756	2,756	2,756	2,756	2,756	2,756	2,756
Short term investments	194	422	23	24	23	11		200		26	26	26	26	26	26	26
Accounts receivable, net	1,423	1,002	839	701	1,007	1,440	1,485	1,264	1,736	2,173	1,575	971	1,290	1,524	1,675	1,032
Prepaid merchant																
Prepaid expenses and other current assets	1,243	1,049	685	654	1,151	1,258	838	827	1,183	1,158	383	291	242	343	408	309
Deferred income taxes	74	107	110	120	392	399	102	85	93	105	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	11,786	11,426	9,469	8,602	11,325	13,879	11,869
Property and equipment, net	2,297	2,305	2,303	2,257	2,241	2,261	2,264	2,180	2,169	2,163	2,183	2,203	2,223	2,243	2,263	2,283
Long term investments and other	610	618	606	671	667	663	655	1,450	1,468	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Goodwill and intangibles, net	8,972	8,930	8,880	8,895	8,842	8,827	8,743	8,564	8,534	8,441	8,241	8,041	7,841	7,641	7,441	7,241
Other	886	1,108	1,155	1,233	1,280	1,317	1,239	1,173	1,259	1,203	1,203	1,203	1,203	1,203	1,203	1,203
Total assets	20,417	21,905	19,679	18,690	21,866	24,181	21,944	21,548	24,577	24,744	24,204	22,067	21,020	23,563	25,937	23,747
Liabilities and stockholders' equity																
Merchant payable	836	531	581	602	727	1,157	1,264	1,333	1,292	1,548	1,864	1,418	1,177	1,669	1,983	1,506
Accounts payable	859	518	521	496	565	778	769	688	934	1,178	1,149	874	726	1,029	1,223	928
Deferred merchant bookings	5,905	4,632	3,247	3,107	6,047	8,240	5,844	5,688	9,203	10,041	5,746	4,371	3,870	5,144	6,113	4,642
Deferred revenue	221	197	177	172	174	172	161	166	178	173	173	173	173	173	173	173
Accrued expenses and other	1,037	1,244	1,110	1,029	1,261	1,366	960	840	862	897	1,080	822	682	967	1,149	873
Short-term debt	750	750					753	735			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	13,837	10,013	7,658	6,627	8,981	10,641	8,123
Long-term debt	6,080	8,803	8,826	8,216	8,464	8,480	7,712	7,715	7,719	6,727	6,727	6,727	6,727	6,727	6,727	6,727
Deferred tax	58	74	105	67	23	22	55	58	58	45	45	45	45	45	45	45
Other long-term liabilities	930	931	978	975	895	873	824	773	764	754	754	754	754	754	754	754
Minority interest	1,471	1,469	1,480	1,494	1,479	1,486	1,488	1,495	1,489	1,471	1,471	1,471	1,471	1,471	1,471	1,471
Total other liabilities	8,539	11,277	11,389	10,752	10,861	10,861	10,079	10,041	10,030	8,997	8,997	8,997	8,997	8,997	8,997	8,997
Preferred stock		1,022	1,022	1,022	1,022	511	511				0	0	0	0	0	0
Common stock, class A		0	0	0							0	0	0	0	0	0
Common stock, class B		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	14,549	14,599	14,649	14,699	14,749	14,799	14,849
Treasury stock	(10,083)	(10,087)	(10,092)	(10,097)	(10,152)	(10,182)	(10,205)	(10,262)	(10,309)	(10,331)	(10,331)	(10,331)	(10,331)	(10,331)	(10,331)	(10,331)
Retained earnings (deficit)	(470)	(1,206)	(1,398)	(1,781)	(2,359)	(2,531)	(2,147)	(1,761)	(1,883)	(2,068)	(1,520)	(1,352)	(1,418)	(1,279)	(615)	(337)
Unearned compensation											2,686	2,686	2,686	2,686	2,686	2,686
Accumulated other comprehensive income	(301)	(273)	(239)	(178)	(199)	(186)	(221)	(149)	(161)	(240)	(240)	(240)	(240)	(240)	(240)	(240)
Total stockholders' equity	2,270	2,756	2,654	2,532	2,231	1,607	2,114	2,057	2,078	1,910	5,194	5,412	5,396	5,585	6,299	6,627
Total stockholders' equity and liabilities	20,417	21,905	19,679	18,690	21,866	24,181	21,944	21,548	24,577	24,744	24,204	22,067	21,020	23,563	25,937	23,747

Balance Sheet Drivers

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E
Prepaid 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%	36%	10%	10%	10%	10%	10%	10%
Merchant payable as % of total rev	38%	94%	39%	65%	58%	55%	43%	58%	57%	49%	49%	49%	49%	49%	49%	49%
Deferred Merchant booking as % of total rev	267%	818%	216%	338%	485%	390%	197%	250%	409%	316%	150%	150%	160%	150%	150%	150%
Accounts payable as % of total rev	39%	92%	35%	54%	45%	37%	26%	30%	42%	37%	30%	30%	30%	30%	30%	30%
Accrued expenses as % of total rev	47%	220%	74%	112%	101%	65%	32%	37%	38%	28%	28%	28%	28%	28%	28%	28%
Activity Ratios																
A/R Days Sales Outstanding	58	159	50	69	73	61	45	50	69	61	37	30	48	40	37	30
A/P Days Payable	123	120	125	156	164	187	157	157	227	253	180	180	150	180	170	193
Merchant Days Payable (w/ Revenue)	34	84	35	59	53	49	38	53	52	44	44	44	44	44	44	44
Book & Cash Value (per share)																
Book Value per Share (diluted)	\$15.55	\$16.91	\$18.78	\$17.78	\$15.37	\$10.78	\$13.50	\$13.02	\$13.29	\$12.05	\$32.72	\$34.06	\$33.91	\$35.05	\$39.49	\$41.49
Cash per Share (diluted)	\$33.64	\$41.63	\$36.10	\$29.20	\$43.30	\$53.77	\$42.28	\$38.01	\$52.04	\$52.68	\$59.02	\$51.01	\$43.81	\$58.74	\$73.32	\$65.29
Net cash per Share (diluted)	(\$13.14)	(\$16.98)	(\$26.36)	(\$28.48)	(\$15.00)	(\$3.11)	(\$11.80)	(\$15.47)	\$2.66	\$10.24	\$16.64	\$8.68	\$1.53	\$16.51	\$31.15	\$23.17
Total Debt	\$6,830	\$9,553	\$8,826	\$8,216	\$8,464	\$8,480	\$8,465	\$8,450	\$7,719	\$6,727	\$6,727	\$6,727	\$6,727	\$6,727	\$6,727	\$6,727

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	Q2A	Q3E	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E	
Cash flow from operating activities																					
Net income	(1,397)	(740)	(200)	(391)	(2,728)	(581)	(177)	378	395	15	(123)	(185)	548	168	408	(67)	139	664	278	1,015	
Depreciation	185	191	183	180	739	182	179	177	177	715	175	176	155	155	661	155	155	155	155	620	
Stock comp	55	54	47	49	205	83	120	116	99	418	90	93	50	50	283	50	50	50	50	200	
Amortization of intangibles	44	41	37	207	329	27	26	24	22	99	22	21	200	200	443	200	200	200	200	800	
Deferred tax	(108)	(171)	(89)	(120)	(488)	(175)	(66)	83	13	(145)	(101)	18	5	0	(78)	0	0	0	0	0	
FX gains/losses	79	(93)	(48)	(16)	(78)	33	(1)	65	24	121	17	167	0	0	184	0	0	0	0	0	
Accrued			144	4	148			(33)	33	0				0	0					0	
Impairments				799	799				20	20				29	29					0	
Other gains/losses	1,074	37	(140)	(829)	142	272	4	4	(427)	(147)			376	0	376	0	0	0	0	0	
Other	105	14	83	(202)	0	24	(18)	1	25	32	2	(21)	0	0	(19)	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)	(445)	598	604	281	(319)	(234)	(151)	644	(60)	
Prepaid expenses & other current as	(791)	206	366	31	(188)	(495)	(119)	424	(34)	(224)	(356)	26	775	92	537	50	(101)	(65)	98	(18)	
Merchant payable	(1,082)	(307)	49	20	(1,320)	126	430	107	114	777	(41)	255	316	(446)	84	(241)	492	314	(477)	88	
Accounts payable	(129)	(115)	(28)	(128)	(400)	34	319	(115)	(100)	138	267	272	(29)	(275)	235	(149)	303	194	(294)	54	
Deferred merchant bookings	226	(1,284)	(1,379)	(139)	(2,576)	2,940	2,244	(2,397)	(145)	2,642	3,515	839	(4,295)	(1,375)	(1,316)	(501)	1,274	969	(1,471)	271	
Deferred revenue	(99)	(22)	(21)		(142)	2	(2)	(8)	6	(2)	13	(5)	0	0	8	0	0	0	0	0	
Income tax payable and other	(32)	(50)	20	5	(57)	(2)	4	5	3	10	(13)	12	183	(259)	(76)	(140)	285	182	(276)	51	
Net cash (used in) provided by oper.	(784)	(1,846)	(819)	(385)	(3,834)	2,170	2,514	(1,221)	285	3,748	2,991	1,628	(1,493)	(1,086)	2,040	(961)	2,563	2,513	(1,094)	3,021	
Cash flow from investing activities																					
Purchases of property and equipment	(287)	(206)	(176)	(128)	(797)	(168)	(183)	(179)	(143)	(673)	(156)	(159)	(175)	(175)	(665)	(175)	(175)	(175)	(175)	(700)	
Purchases of short-term investments	(285)	(400)			(685)		11	11	(200)	(178)	200	(60)	0	0	140	0	0	0	0	0	
Sale of short-term investments	585	176	400		1,161					0			0	0	0	0	0	0	0	0	
Acquisitions	0				0			(60)		(60)			0	0	0	0	0	0	0	0	
Net settlement	0				0					0			0	0	0	0	0	0	0	0	
Other	19	57	10	(28)	58	(12)	(61)	75	(22)	(20)	(31)	(42)	0	0	(73)	0	0	0	0	0	
Net cash used in investing activities	32	(373)	234	(156)	(263)	(180)	(233)	(93)	(425)	(931)	13	(261)	(175)	(175)	(598)	(175)	(175)	(175)	(175)	(700)	
Cash flow from financing activities																					
Term loan borrowing (net)	1,900	2,714	(768)	(651)	3,195	261	1,703		(3,200)	(1,236)	(724)	(1,020)	0	0	(1,744)	0	0	0	0	0	
Repurchase of common stock	(410)	1,128	(5)	(6)	707	(55)	(2,527)		2,582	0	(47)	(22)	0	0	(69)	0	0	0	0	0	
Dividends	(48)	(17)			(65)	(58)	(123)		(17)	(67)			0	0	0	0	0	0	0	0	
Proceeds from stock option exercise	86	10	9	214	319	269	110	42	82	503	101	13	0	0	114	0	0	0	0	0	
Change in restricted cash					0					0			0	0	0	0	0	0	0	0	
Other	(11)	(19)	2	7	(21)	(265)	261	8	(12)	(8)	7	5	0	0	12	0	0	0	0	0	
Proceeds from issuance of common stock					0		(85)	(23)	(57)	(165)			0	0	0	0	0	0	0	0	
Cash provided by (used in) financing	1,517	3,816	(762)	(494)	4,077	210	(588)	27	(622)	(973)	(663)	(1,024)	0	0	(1,687)	0	0	0	0	0	
Effect of exchange rate on cash and ca	(141)	48	62	92	61	(73)	47	(100)	(51)	(177)	(11)	(154)	0	0	(165)	0	0	0	0	0	
Net increase (decrease) in cash and	624	1,645	(1,285)	(943)	41	2,127	1,740	(1,387)	(813)	1,667	2,330	189	(1,668)	(1,261)	(410)	(1,136)	2,388	2,338	(1,269)	2,321	
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	8,254	6,586	5,735	5,325	4,188	6,576	8,914	5,325	
Ending cash and equivalents	4,651	6,296	5,011	4,068	4,068	6,195	7,935	6,548	5,735	5,735	8,065	8,254	6,586	5,325	5,325	4,188	6,576	8,914	7,645	7,645	

Source: Company reports and Ascendant Capital Markets estimates

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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

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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.

Ascendant Capital Markets, LLC Rating System

Prior to January 31, 2014, ASCM used the following rating system:

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Buy: We expect the stock to provide a total return of between 10% and 30% within a 12-month period.

Neutral: We expect the stock to provide a total return of between minus 10% and plus 10% within a 12-month period.

Sell: We expect the stock to provide a total return of minus 10% or worse within a 12-month period.

Speculative Buy: This rating is reserved for companies we believe have tremendous potential, but whose stocks are illiquid or whose equity market capitalizations are very small, often in the definition of a nano cap (below \$50 million in market cap). In general, for stocks ranked in this category, we expect the stock to provide a total return of 50% or more within a 12-month period. However, because of the illiquid nature of the stock's trading and/or the nano cap nature of the investment, we caution that these investments may not be suitable for all parties.

Total return is defined as price appreciation plus dividend yield.

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

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

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