

# Expedia Group, Inc.

Mixed Q4 as travel continues to rebound. 2022 travel outlook positive.  
Raising P/T to \$221.

## COMPANY UPDATE

### Rating: BUY

Ticker: EXPE

Price: \$194.83  
(intraday)

Target: \$221.00  
(from \$210)

**Q4 mixed:** Expedia recently (on February 10) reported its fiscal Q4 2021 (ending December) results. Revenue was \$2,279 million (+148% y-o-y), compared to our estimate of \$2,490 million and consensus of \$2,314 million. Pro forma EPS was \$1.06, compared to our estimate of \$1.25 and consensus of \$0.70. There was no Q4 guidance.

**Q4 solid rebound:** Gross bookings were \$17.5 billion (+131% y-o-y), compared with our estimate of \$22.6 billion. The company saw strong recovery in most of its business around the world despite late quarter weakness from Omicron. Vrbo (vacation homes) and domestic travel were strong.

**Q4 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.

**Omicron impact:** The company had deceleration in Q4 as the Omicron of COVID-19 spread significantly (and caused some renewed lockdowns), but results have now largely recovered. For hotel bookings, Expedia results in October were -4% (versus 2019), November -5%, December -27%, January -11%, and was positive to up in February.

**No guidance:** The company did not provide Q1 guidance.

**Adjusting estimates:** We are adjusting our 2022 estimates for revenue to \$11.0 billion, from \$11.3 billion, and for EPS to \$6.50 from \$5.00. We are initiating our 2023 estimates for revenue of \$12.0 billion, and for EPS of \$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 normalized 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 raising our 12-month price target to \$221 from \$210, which reflects a P/E of 26x our 2023 EPS estimate of \$8.50. 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:	\$136.77 – 217.72
Shares Outstanding (million):	158
Market cap (\$million):	\$30,810
EV (\$million):	\$33,255
Debt (\$million):	\$8,450
Cash (\$million):	\$6,005
Avg. Daily Trading Vol. (\$million):	\$512
Float (million shares):	138
Short Interest (million shares):	7
Dividend, annual (yield):	\$0 (N/A)

### Revenues (US\$ million)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	1,511E	1,612E	1,674E	
Q2 Jun	2,719E		3,025E	
Q3 Sep	3,831E		4,136E	
Q4 Dec	2,914E	3,173E	3,140E	
Total	10,975E	11,335E	11,975E	
EV/Revs	3.0x		2.8x	

### Earnings per Share (pro forma)

	2022E (Cur.)	2022E (Old)	2023E (Cur.)	2023E (Old)
Q1 Mar	(0.65)E	(0.55)E	(0.09)E	
Q2 Jun	0.91E	0.57E	1.25E	
Q3 Sep	4.28E	3.55E	4.88E	
Q4 Dec	1.93E	1.41E	2.45E	
Total	6.50E	5.00E	8.50E	
P/E	30x		23x	

### 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 February 10) reported its fiscal Q4 2021 (ending December) results.
- Revenue was \$2,279 million (+148% y-o-y), compared to our estimate of \$2,490 million and consensus of \$2,314 million.
- Pro forma EPS was \$1.06, compared to our estimate of \$1.25 and consensus of \$0.70.
- EBITDA was \$479 million compared to our estimate of \$435 million and \$(160) million in Q4 2020.
- There was no Q4 guidance.
- Gross bookings were \$17.5 billion (+131% y-o-y), compared with our estimate of \$22.6 billion.
- The company did not provide Q1 guidance.
- We are adjusting our 2022 estimates for revenue to \$11.0 billion, from \$11.3 billion, and for EPS to \$6.50 from \$5.00.
- We are initiating our 2023 estimates for revenue of \$12.0 billion, and for EPS of \$8.50.

## **ADDITIONAL DETAILS**

- Revenue by product was: Hotels 75%, Air 3%, Advertising 7%, and Other 15% (compared with Q4 2020's Hotels 86%, Air 4%, Advertising 9%, and Other 1%).
- Revenue growth by product was: Hotels +116%, Air +68%, Advertising +85%, and Other N/A (compared with Q4 2020's Hotels -58%, Air -80%, Advertising -66%, and Other NA).
- Revenue as a percentage of gross bookings was 13.1%, compared with our estimate of 11.0% and 12.2% in Q4 2020.
- Gross profit for the quarter was \$1,884 million, compared with our estimate of \$2,067 million.
- Gross margin for the quarter was 83%, versus our expectation of 83% and 69% last year.
- Operating expenses were \$1,721 million, versus our expectation of \$1,882 million.
- Operating income was \$163 million, versus our expectation of \$185 million.
- Pro forma net income was \$167 million, versus our expectation of \$196 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 \$6.0 billion in cash and \$8.5 billion in debt (~\$15 share in net debt), compared with \$6.6 billion in cash and \$8.5 billion in debt at the end of September.

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



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

### Exhibit 2: Consensus Expectations (as of February 10, 2022)

	Revenue (mil)			EPS	
	2021E	2022E		2021E	2022E
Q1 Mar	\$1,246A	\$2,267E	Q1 Mar	\$(2.02)A	\$(0.45)E
Q2 Jun	\$2,111A		Q2 Jun	\$(1.13)A	
Q3 Sep	\$2,962A		Q3 Sep	\$3.53A	
Q4 Dec	\$2,314E		Q4 Dec	\$0.70E	
Total	\$8,646E	\$11,682E	Total	\$0.74E	\$7.05E

\*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	Q1E	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>1,511</b>	<b>2,719</b>	<b>3,831</b>	<b>2,914</b>	<b>10,975</b>	<b>1,674</b>	<b>3,025</b>	<b>4,136</b>	<b>3,140</b>	<b>11,975</b>
Cost of Revenues	629	389	375	287	1,680	311	374	442	395	1,522	317	435	613	437	1,802	301	454	662	440	1,856
Gross Profit	1,580	177	1,129	633	3,519	935	1,737	2,520	1,884	7,076	1,193	2,284	3,218	2,477	9,172	1,373	2,571	3,475	2,701	10,119
Operating expenses:																				
Sales and marketing	1,210	296	529	511	2,546	664	1,199	1,314	1,044	4,221	801	1,332	1,609	1,311	5,053	870	1,482	1,696	1,382	5,430
Technology and content	308	255	224	223	1,010	247	276	277	274	1,074	196	353	345	379	1,273	218	363	331	408	1,320
General and administrative	187	152	134	124	597	156	184	182	183	705	151	245	230	232	857	134	302	290	250	976
Depreciation and amortization	229	232	220	212	893	209	205	201	199	814	200	200	200	200	800	200	200	200	200	800
Legal and tax reserves	(21)	8	2	(2)	(13)	(1)	(8)	10		1	1	1	1	1	4	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	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>1,349</b>	<b>2,132</b>	<b>2,385</b>	<b>2,123</b>	<b>7,988</b>	<b>1,423</b>	<b>2,349</b>	<b>2,518</b>	<b>2,241</b>	<b>8,530</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>(156)</b>	<b>152</b>	<b>833</b>	<b>354</b>	<b>1,184</b>	<b>(50)</b>	<b>222</b>	<b>957</b>	<b>460</b>	<b>1,589</b>
Interest income (expense)	(40)	(92)	(110)	(100)	(342)	(96)	(82)	(84)	(80)	(342)	(123)	(124)	(122)	(120)	(489)	(121)	(123)	(121)	(119)	(483)
Other and minority interest	(49)	(25)	(22)	47	(49)	(310)	(134)	9	269	(166)	(5)	(5)	(5)	(5)	(20)	(5)	(5)	(5)	(5)	(20)
Income before income taxes	(1,383)	(966)	(245)	(516)	(3,110)	(775)	(348)	449	352	(322)	(284)	23	706	229	675	(176)	95	831	336	1,086
Income taxes	(82)	(213)	(224)	(104)	(423)	(169)	(47)	87	76	(53)	(60)	5	152	48	145	(37)	20	179	71	233
Net income (loss)	(1,301)	(753)	(241)	(412)	(2,687)	(606)	(301)	362	276	(269)	(224)	18	554	181	529	(139)	74	653	266	853
Nonrecurring/noncash adjustments	1,043	176	190	36	1,445	313	132	191	(109)	527	125	125	125	125	500	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>(99)</b>	<b>143</b>	<b>679</b>	<b>306</b>	<b>1,029</b>	<b>(14)</b>	<b>199</b>	<b>778</b>	<b>391</b>	<b>1,353</b>
EBITDA (total)	(76)	(436)	304	(160)	(368)	(58)	201	855	479	1,477	249	557	1,238	759	2,804	355	627	1,362	865	3,209
Shares, Basic	140.8	141.1	141.3	142.4	141.4	145.2	149.1	151.0	153.5	149.7	153.6	153.7	153.8	153.9	153.8	154.0	154.1	154.2	154.3	154.2
Shares, Diluted	146.0	163.0	141.3	142.4	148.2	145.2	149.1	156.5	158.0	156.3	158.2	158.4	158.6	158.8	158.5	159.0	159.2	159.4	159.6	159.3
EPS Basic (Pro forma)	(1.83)	(4.09)	(0.22)	(2.64)	(8.78)	(2.02)	(1.13)	3.66	1.09	1.72	(0.65)	0.93	4.42	1.99	6.69	(0.09)	1.29	5.04	2.53	8.78
EPS Diluted (Pro forma)	(1.77)	(3.54)	(0.22)	(2.64)	(8.38)	(2.02)	(1.13)	3.53	1.06	1.65	(0.63)	0.91	4.28	1.93	6.50	(0.09)	1.25	4.88	2.45	8.50
<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%	79.0%	84.0%	84.0%	85.0%	83.6%	82.0%	85.0%	84.0%	86.0%	84.5%
Sales and marketing	54.8%	52.3%	35.2%	55.5%	49.0%	53.3%	56.8%	44.4%	45.8%	49.1%	53.0%	49.0%	42.0%	45.0%	46.0%	52.0%	49.0%	41.0%	44.0%	45.3%
Technology and content	13.9%	45.1%	14.9%	24.2%	19.4%	19.8%	13.1%	9.4%	12.0%	12.5%	13.0%	13.0%	9.0%	13.0%	11.6%	13.0%	12.0%	8.0%	13.0%	11.0%
General and administrative	8.5%	26.9%	8.9%	13.5%	11.5%	12.5%	8.7%	6.1%	8.0%	8.2%	10.0%	9.0%	6.0%	8.0%	7.8%	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%	-10.3%	5.6%	21.8%	12.1%	10.8%	-3.0%	7.4%	23.1%	14.6%	13.3%
Tax rate, GAAP	5.9%	22.0%	9.8%	20.2%	13.6%	21.8%	13.5%	19.4%	21.6%	16.5%	21.0%	21.5%	21.5%	21.0%	21.5%	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%	-14.8%	0.7%	14.5%	6.2%	4.8%	-8.3%	2.5%	15.8%	8.5%	7.1%
<b>Y/Y % change</b>																				
Revenue	-15%	-82%	-58%	-67%	-57%	-44%	273%	97%	148%	65%	21%	29%	29%	28%	28%	11%	11%	8%	8%	9%
Gross margin	-25%	-93%	-62%	-71%	-64%	-41%	881%	123%	198%	101%	28%	31%	28%	31%	30%	15%	13%	8%	9%	10%
Sales and marketing	-21%	-82%	-68%	-60%	-59%	-45%	305%	148%	104%	66%	21%	11%	22%	26%	20%	9%	11%	5%	5%	7%
Technology and content	-28%	-41%	-49%	-51%	-43%	-20%	8%	24%	23%	6%	-20%	28%	24%	38%	19%	11%	3%	-4%	8%	4%
General and administrative	-2%	-29%	-38%	-45%	-30%	-17%	21%	36%	48%	18%	-3%	33%	26%	27%	22%	-11%	24%	26%	8%	14%
Operating income (loss)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	59%	117%	NM	NM	46%	15%	30%	34%
Net income (loss)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	53%	-34%	NM	NM	304%	18%	47%	61%
EPS Diluted (Pro forma)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	21%	82%	294%	NM	38%	14%	27%	31%

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	Q1E	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	2,622	5,522	8,891	7,472	4,518	7,788	11,264	9,770
Restricted cash	813	1,311	725	772	1,972	2,541	1,587	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694	1,694
Short term investments	194	422	23	24	23	11		200	200	200	200	200	200	200	200	200
Accounts receivable, net	1,423	1,002	839	701	1,007	1,440	1,485	1,264	806	1,208	1,575	971	893	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	151	272	383	291	167	302	414	314
Deferred income taxes	74	107	110	120	392	399	102	85	100	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	5,572	8,997	12,843	10,729	7,572	11,429	15,372	13,125
Property and equipment, net	2,297	2,305	2,303	2,257	2,241	2,261	2,264	2,180	2,200	2,220	2,240	2,260	2,280	2,300	2,320	2,340
Long term investments and other	610	618	606	671	667	663	655	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Goodwill and intangibles, net	8,972	8,930	8,880	8,895	8,842	8,827	8,743	8,564	8,364	8,164	7,964	7,764	7,564	7,364	7,164	6,964
Other	886	1,108	1,155	1,233	1,280	1,317	1,239	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173
Total assets	20,417	21,905	19,679	18,690	21,866	24,181	21,944	21,548	18,759	22,004	25,670	23,376	20,039	23,716	27,479	25,052
<b>Liabilities and stockholders' equity</b>																
Merchant payable	836	531	581	602	727	1,157	1,264	1,333	884	1,590	2,241	1,704	979	1,769	2,419	1,837
Accounts payable	859	518	521	496	565	778	769	688	453	816	1,149	874	502	907	1,241	942
Deferred merchant bookings	5,905	4,632	3,247	3,107	6,047	8,240	5,844	5,688	2,417	4,079	5,746	4,371	2,678	4,537	6,205	4,710
Deferred revenue	221	197	177	172	174	172	161	166	166	166	166	166	166	166	166	166
Accrued expenses and other	1,037	1,244	1,110	1,029	1,261	1,366	960	840	557	1,002	1,412	1,074	617	1,115	1,525	1,157
Short-term debt	750	750					753	735	735	735	735	735	735	735	735	735
Total current liabilities	9,608	7,872	5,636	5,406	8,774	11,713	9,751	9,450	5,212	8,388	11,449	8,925	5,677	9,230	12,291	9,547
Long-term debt	6,080	8,803	8,826	8,216	8,464	8,480	7,712	7,715	7,715	7,715	7,715	7,715	7,715	7,715	7,715	7,715
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	773	773	773	773	773	773	773	773
Minority interest	1,471	1,469	1,480	1,494	1,479	1,486	1,488	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495	1,495
Total other liabilities	8,539	11,277	11,389	10,752	10,861	10,861	10,079	10,041	10,041	10,041	10,041	10,041	10,041	10,041	10,041	10,041
Preferred stock		1,022	1,022	1,022	1,022	511	511		0	0	0	0	0	0	0	0
Common stock, class A		0	0	0					0	0	0	0	0	0	0	0
Common stock, class B		0	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	14,279	14,329	14,379	14,429	14,479	14,529	14,579	14,629
Treasury stock	(10,083)	(10,087)	(10,092)	(10,097)	(10,152)	(10,182)	(10,205)	(10,262)	(10,262)	(10,262)	(10,262)	(10,262)	(10,262)	(10,262)	(10,262)	(10,262)
Retained earnings (deficit)	(470)	(1,206)	(1,398)	(1,781)	(2,359)	(2,531)	(2,147)	(1,761)	(1,985)	(1,967)	(1,412)	(1,232)	(1,371)	(1,297)	(644)	(378)
Unearned compensation									0	0	0	0	0	0	0	0
Accumulated other comprehensive income	(301)	(273)	(239)	(178)	(199)	(186)	(221)	(149)	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475
Total stockholders' equity	2,270	2,756	2,654	2,532	2,231	1,607	2,114	2,057	3,507	3,575	4,179	4,410	4,321	4,445	5,148	5,464
Total stockholders' equity and liabilities	20,417	21,905	19,679	18,690	21,866	24,181	21,944	21,548	18,759	22,004	25,670	23,376	20,039	23,716	27,479	25,052

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	Q1E	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%	10%	10%	10%	10%	10%	10%	10%	10%
Merchant payable as % of total rev	38%	94%	39%	65%	58%	55%	43%	58%	58%	58%	58%	58%	58%	58%	58%	58%
Deferred Merchant booking as % of total rev	267%	818%	216%	338%	485%	390%	197%	250%	160%	150%	150%	150%	160%	150%	150%	150%
Accounts payable as % of total rev	39%	92%	35%	54%	45%	37%	26%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Accrued expenses as % of total rev	47%	220%	74%	112%	101%	65%	32%	37%	37%	37%	37%	37%	37%	37%	37%	37%
<b>Activity Ratios</b>																
A/R Days Sales Outstanding	58	159	50	69	73	61	45	50	48	40	37	30	48	40	37	30
A/P Days Payable	123	120	125	156	164	187	157	157	129	169	169	180	150	180	169	193
Merchant Days Payable (w/ Revenue)	34	84	35	59	53	49	38	53	53	53	53	53	53	53	53	53
<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	\$22.17	\$22.57	\$26.35	\$27.77	\$27.18	\$27.92	\$32.30	\$34.23
Cash per Share (diluted)	\$33.64	\$41.63	\$36.10	\$29.20	\$43.30	\$53.77	\$42.28	\$38.01	\$28.54	\$46.82	\$68.00	\$58.98	\$40.33	\$60.82	\$82.55	\$73.08
Net cash per Share (diluted)	(\$13.14)	(\$16.98)	(\$26.36)	(\$28.48)	(\$15.00)	(\$3.11)	(\$11.80)	(\$15.47)	(\$24.87)	(\$6.53)	\$14.72	\$5.77	(\$12.82)	\$7.74	\$29.54	\$20.14
Total Debt	\$6,830	\$9,553	\$8,826	\$8,216	\$8,464	\$8,480	\$8,465	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450

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	Q1E	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	(224)	18	554	181	529	(139)	74	653	266	853
Depreciation	185	191	183	180	739	182	179	177	177	715	155	155	155	155	620	155	155	155	155	620
Stock comp	55	54	47	49	205	83	120	116	99	418	50	50	50	50	200	50	50	50	50	200
Amortization of intangibles	44	41	37	207	329	27	26	24	22	99	200	200	200	200	800	200	200	200	200	800
Deferred tax	(108)	(171)	(89)	(120)	(488)	(175)	(66)	83	13	(145)	(15)	0	0	0	(15)	0	0	0	0	0
F/X gains/losses	79	(93)	(48)	(16)	(78)	33	(1)	65	24	121	0	0	0	0	0	0	0	0	0	0
Accrued			144	4	148			(33)	33	0	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	0
Other	105	14	83	(202)	0	24	(18)	1	25	32	0	0	0	0	0	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)	458	(403)	(366)	604	293	79	(452)	(356)	654	(75)
Prepaid expenses & other current as	(791)	206	366	31	(188)	(495)	(119)	424	(34)	(224)	676	(121)	(111)	92	536	124	(135)	(111)	100	(23)
Merchant payable	(1,082)	(307)	49	20	(1,320)	126	430	107	114	777	(449)	707	650	(536)	371	(725)	790	650	(583)	132
Accounts payable	(129)	(115)	(28)	(128)	(400)	34	319	(115)	(100)	138	(235)	362	334	(275)	186	(372)	405	334	(299)	68
Deferred merchant bookings	226	(1,284)	(1,379)	(139)	(2,576)	2,940	2,244	(2,397)	(145)	2,642	(3,271)	1,661	1,668	(1,375)	(1,317)	(1,693)	1,859	1,668	(1,494)	339
Deferred revenue	(99)	(22)	(21)		(142)	2	(2)	(8)	6	(2)	0	0	0	0	0	0	0	0	0	0
Income tax payable and other	(32)	(50)	20	5	(57)	(2)	4	5	3	10	(283)	445	410	(338)	234	(457)	498	410	(367)	83
<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>(2,938)</b>	<b>3,076</b>	<b>3,543</b>	<b>(1,243)</b>	<b>2,438</b>	<b>(2,779)</b>	<b>3,445</b>	<b>3,651</b>	<b>(1,319)</b>	<b>2,998</b>
<b>Cash flow from investing activities</b>																				
Purchases of property and equipment	(287)	(206)	(176)	(128)	(797)	(168)	(183)	(179)	(143)	(673)	(175)	(175)	(175)	(175)	(700)	(175)	(175)	(175)	(175)	(700)
Purchases of short-term investments	(285)	(400)			(685)		11	11	(200)	(178)	0	0	0	0	0	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				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	0
Other	19	57	10	(28)	58	(12)	(61)	75	(22)	(20)	0	0	0	0	0	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>(175)</b>	<b>(175)</b>	<b>(175)</b>	<b>(175)</b>	<b>(700)</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)	0	0	0	0	0	0	0	0	0	0
Repurchase of common stock	(410)	1,128	(5)	(6)	707	(55)	(2,527)		2,582	0	0	0	0	0	0	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	0	0	0	0	0	0	0	0	0	0
Change in restricted cash	0				0					0	0	0	0	0	0	0	0	0	0	0
Other	(11)	(19)	2	7	(21)	(265)	261	8	(12)	(8)	0	0	0	0	0	0	0	0	0	0
Proceeds from issuance of common stock	0				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>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</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)	0	0	0	0	0	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>(3,113)</b>	<b>2,901</b>	<b>3,368</b>	<b>(1,418)</b>	<b>1,738</b>	<b>(2,954)</b>	<b>3,270</b>	<b>3,476</b>	<b>(1,494)</b>	<b>2,298</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	2,622	5,522	8,891	5,735	7,472	4,518	7,788	11,264	7,472
<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>2,622</b>	<b>5,522</b>	<b>8,891</b>	<b>7,472</b>	<b>7,472</b>	<b>4,518</b>	<b>7,788</b>	<b>11,264</b>	<b>9,770</b>	<b>9,770</b>

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

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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 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 January 15, 2022)

Rating	Count	Percent	Investment Banking Services Past 12 months	
			Count	Percent
Buy	40	98%	16	40%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	41	100%	16	39%

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