RESEARCH REPORT

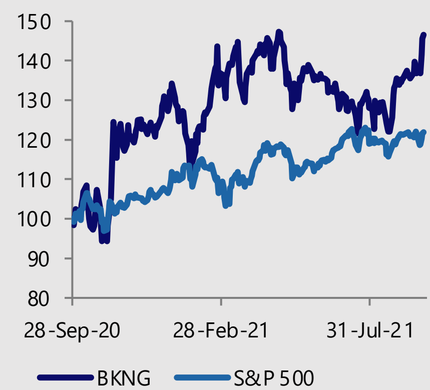
September 27, 2021

Stock Rating	BUY
Price Target	USD $3,007

Bear Case	Price Target	Bull Case
$2,786	$3,007	$3,264

Ticker	BKNG
Market Cap (MM)	$115,978
EV / EBITDA	19.9x
P / E	22.3x

52 Week Performance



Booking Holdings Inc.

Booking Tickets Post COVID

Booking Holdings Inc. operates several Online Travel Agencies (OTAs), including Booking.com, as well as meta-search websites.

Following the second iteration of the Booking Holdings report, the QUIC Consumers team is revisiting this company to better understand its performance during the global pandemic and assess the strength of our investment theses.

Revisiting Thesis I: Long-term Trends Paving the Way for Growth

As the pandemic subsides, the industry is experiencing positive tailwinds supported by a) an increasing desire travel, b) a surge in domestic travel, c) continued but slowed growth in the Asia-Pacific region, and d) new demand for restaurant reservation services.

Revisiting Thesis II: High Quality Business With Competitive Moat

The company benefits from both economies of scale and a marketplace network effect, creating an economic moat which will protect the firm from disruption. However, the QUIC Consumers Team believes that these economic moats are narrowing.

Valuation Implications

Based on a DCF model, the QUIC team determines that BKNG is currently undervalued due to a few strong catalysts that may drive the valuation. Therefore, the team has decided that it would be wise to continue holding our position in Booking Holdings and closely monitor the catalysts playing out.

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Company Overview | Booking Holdings

Booking Holdings ("Booking", "BKNG", "the Company") has been in the CONS portfolio since 2018. It is the largest online travel agency (OTA) globally and coexists among two of the other "Big 3" competitors. The Company operates under six brands (Exhibit I), offering a variety of travel and accommodations services online and through mobile applications.

Business Model

Booking Holdings is a marketplace that generates revenue in three ways: agency revenue, merchant revenue, and advertising revenue (Exhibit II).

Evidently, agency revenue is the biggest contributor to Booking's top line. This is generated through a commission on all orders that flow through their platform (almost entirely travel reservations).

Merchant revenue is generated when Booking facilitates payment activities directly with the traveller. Booking buys bulk, anonymous rooms/seats of guaranteed quality and effectively "flips" them to the consumer for a price below market value. This allows partners to fill unused rooms/seats without infringing brand or minimum online pricing rules while creates value for price-sensitive consumers ("Name Your Own Price" at priceline.com). These revenues come from accommodation reservations or rental car reservations.

Advertising revenue is generated by sending referrals to service providers and other OTAs and physical advertising placements on Booking's online platforms.

Booking's costs are heavily weighted to advertising and overhead, both of which have decreased significantly since the onset of COVID-19. Its only cost of revenue is for Priceline.com merchant activities, where revenue is recorded on a gross basis. The bulk of the marketing costs are variable "performance" advertising and fixed "brand" advertising. Historically boasting a nearly 40% EBITDA margin, the 2020 figure dropped to 15%. During 2020, the Company generated $59M in profit on $6.8B of revenue.

EXHIBIT I

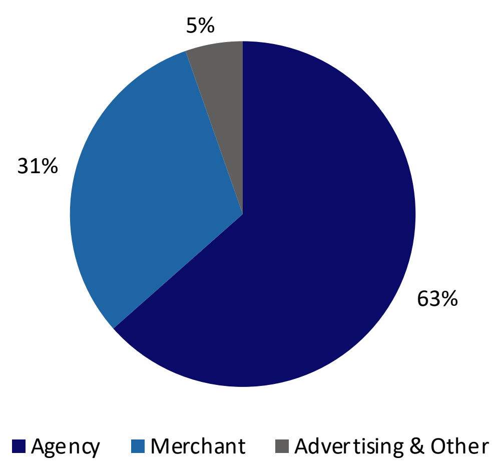
Booking's Brand Portfolio

Brand	Description
Booking.com	Booking accommodations
KAYAK	Travel meta-search brand
Rentalcars.com	Booking rental cars
priceline	Discount online travel
agoda.com	Asian market accommodations
OpenTable (part of Booking.com)	Dining reservations

Source(s): Company Filings

EXHIBIT II

2020 Revenue Segmentation



Source(s): Company Filings

Pandemic Performance Update

Not surprisingly, the pandemic has had a significant impact on Booking's business lines and has sparked fear in the mind's of shareholders. An unprecedented decline in demand for travel led to record-high levels of cancellations and lack of appetite for Booking's service offerings. Although the share price has bounced back almost 120% from its March 2020 low, there is still a lot of commentary regarding how Booking will position itself to compete effectively in the "new normal".

BKNG Takes Action

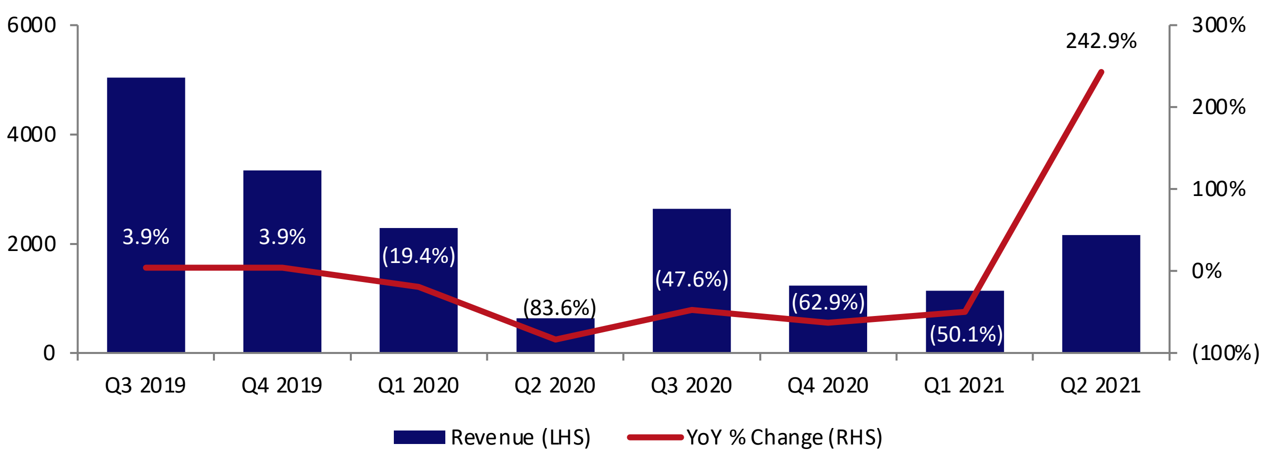
In April 2020, Booking made a number of efforts to bolster liquidity and preserve cash. In April 2020, the Company raised over $4 billion in capital through a debt offering that consisted of four tranches of senior notes with varying maturities. The Company also suspended its share buyback program. Most notably, a workforce reduction of 23% resulted in annualized cost savings of about $370 million in personnel expenses ($110 million of those savings were recognized in 2020). At this point, management believes there are no other major adjustments that need to be made with regard to its workforce or financing decisions in order to effectively operate the business for the remainder of the pandemic and beyond.

Rebound Imminent

Increasing vaccination rates, loosening restrictions, and pent-up demand are tailwinds for travel, and Booking is beginning to realize the benefits. In fact, unique customer accounts at Booking.com reached about 90% of the level seen in June 2019. Although revenue figures have not caught up to those seen in that year, it appears a tipping point has been reached. The initiatives on the following page are being prioritized to ensure Booking can capitalize on this trend to meet consumers' needs and maximize performance.

EXHIBIT III

Quarterly Revenue (M) & YoY % Change



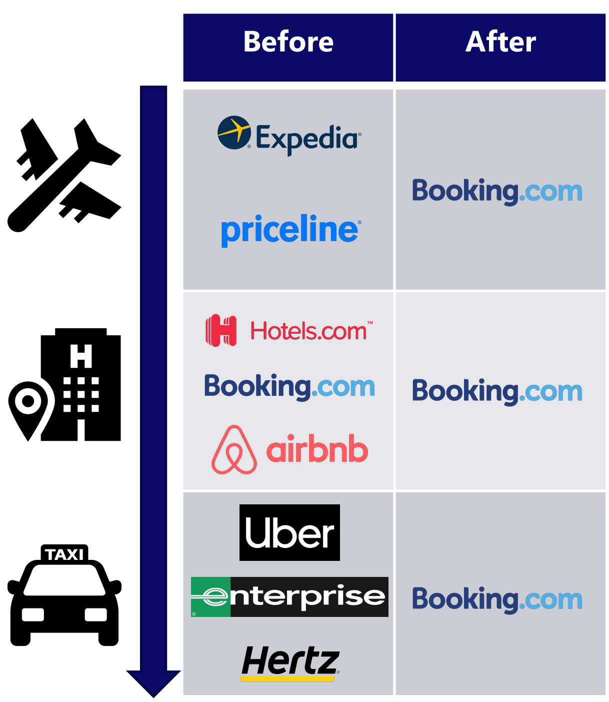
Management Outlook

"Connected Trips"

Booking.com will become a platform that enables a seamless travel experience that allows customers to more conveniently enjoy the world. Internal market research shows that customers demand an all-in-one solution. There are real benefits of offering this one-stop-shop model, such as the potential product bundling opportunities and the ability to increase traveller engagement with the app while travellers are at their destination. One element of this strategy is the Booking.com mobile application, which management predicts will become the "centre of the experience". This app enables better customer loyalty, lower

EXHIBIT IV

"Connected Trip' Ideology



Source(s): Company Filings

customer acquisition costs, and more opportunities to engage directly with travellers.

Booking.com was the most downloaded travel app globally in Q1 2021, and more than two-thirds of bookings come through mobile devices (a "majority" of which are on the app). It is also worth noting that members of the Genius Loyalty program had a higher repeat rate and a higher mix of direct bookings than non-members, which is another focus as the connected trips initiative continues to grow.

Integrated Payments

Booking offers an integrated payment platform which provides payment options favoured by both travellers and its supplier partners across hotels, alternative accommodations, cars, flight and attractions. 24% of Booking.com's total gross bookings in Q2 2021 were processed through its payment platform, which is up from about 22% from FY 2020, 15% in 2019, and 4% in 2017. This growth is being supported by a new fintech unit at Booking.com. The new division is focused on enabling Booking's core business to run smoother, faster, and more efficiently for both customers supply partners.

U.S. Market Share

Relative to its business globally, Booking believes there is a long runway for growth in the United States. Especially with regard to alternative accommodations (i.e., not a hotel), there is significant room to improve and capture share of this specific, high-growth segment. This, as well as overall growth in the United States is being accomplished through a three-pronged approach with the goal of customer recapture as demand for travel rebounds after 2021. The three strategic priorities include: improving the aforementioned payments platform (to enable bundling and merchandising opportunities), increasing consumer awareness through marketing, and expanding supply of alternative accommodations.

Industry Overview: The State of The Travel Industry in 2021

A Tale of Two Recovery Paths

Representing possibly the worst-ever downturn for the travel industry, the pandemic has reconfigured the marketplace in several key ways as we move toward a recovery. In 2020, travel's contribution to global GDP was almost halved, and the OTA market saw a 20% decline in market size. To reassess BKNG's market position, it is important to consider the trajectory of the global travel industry as well as the market dynamics of OTAs. Luckily, the Consumers team has become familiar with the industry environment through three previous reports. Before the pandemic, we were very confident in the competitive barriers surrounding incumbents in the market, room for penetration in international markets, and the opportunity throughout the consumer buying cycle. Looking ahead, much of that outlook still appears to be intact.

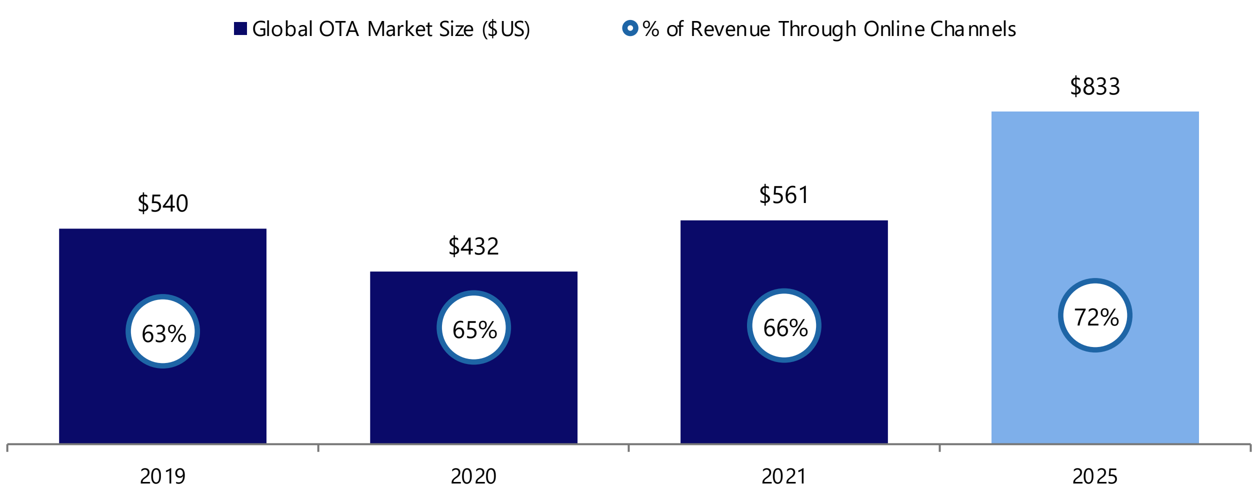
Globally, many people are hungry to travel. The governments of most developed countries, in efforts not to be flighty, have taken cautious approaches to reopening, but the general trend is in support of increased travel over the next few years. Most high-income earners have not lost their jobs, and the savings rate among this demographic in the U.S. is 10-20% higher than pre-pandemic. 38% of consistent travelers intend to take a celebration trip in the next twelve months, and hotels are eager to ramp up supply. However, several countries, many in Africa and Southeast Asia, still have limited access to vaccines and uncontrollable caseloads, and muted recoveries.

Tech Adoption Leading the Way

In addition to strong expected growth in the travel market (Exhibit V), growth in the use of online channels is expected to accelerate. Currently, travel has the greatest portion of customers that plan to increase their usage of digital channels than any other major consumer facing industry.

EXHIBIT V:

Market Recovery Shows Both a Long Runway Ahead for Revenue Growth With Greater Online Adoption



Source(s): Company Filings, the Business Research Center

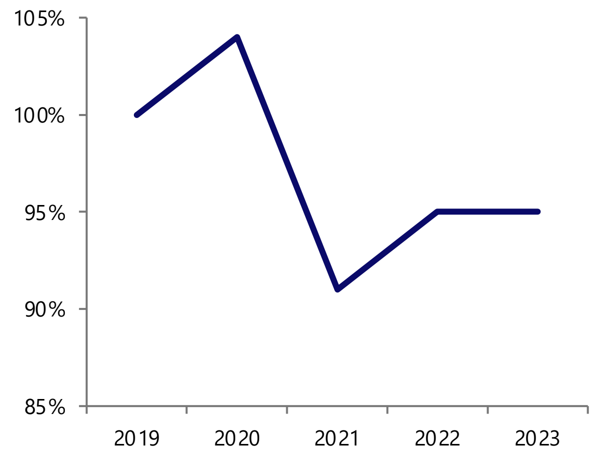
Industry Overview: Market Structure

Another important consideration is the market structure of the OTA industry, and the persistent barriers to entry. Historically, the OTA market has been very well insulated competitively, with a combination of scale and network effects making it extremely difficult for anyone to disrupt the oligopoly of Booking, Expedia, and Trip Advisor. Since the industry started growing rapidly after the financial crisis, this climate has persisted, and these high barriers can be expected to remain over the next several years. For BKNG specifically, the company boasted pre-pandemic revenues of 3x Airbnb and 1.5x that of Expedia, and a 39% EBITDA margin compared to Expedia's 18%.

Marketing spend is a significant area of focus for major OTAs, as competition on the demand side is quite intense. Major OTAs are able to leverage their size to simply outspend any competitors, and BKNG has successfully pressed on this advantage for years. As travel demand rebounds over the next few quarters, competition is likely to heat up to recapture customers. Most OTAs have had to pursue cost cutting initiatives to retain margins, which puts BKNGs industry-low ad spend per room night in a favourable position to help carry the business. Over the past few years, BKNG has pursued a revitalised marketing strategy away from performance marketing and toward brand marketing, perhaps sacrificing a bit of short-term profitability to create a stronger brand. In 2019, BKNG drove 55% of traffic directly to the site, which is an improvement from the 50% levels seen a few years ago. This increase was experienced by most of the industry, with some cases, such as Airbnb, this was driven by demand for use cases on the platform. As demand ramps back up, OTAs will likely have to increase their paid marketing expenses again, which will be particularly important for BKNG and Expedia, who drive the most traffic from indirect channels.

EXHIBIT VI

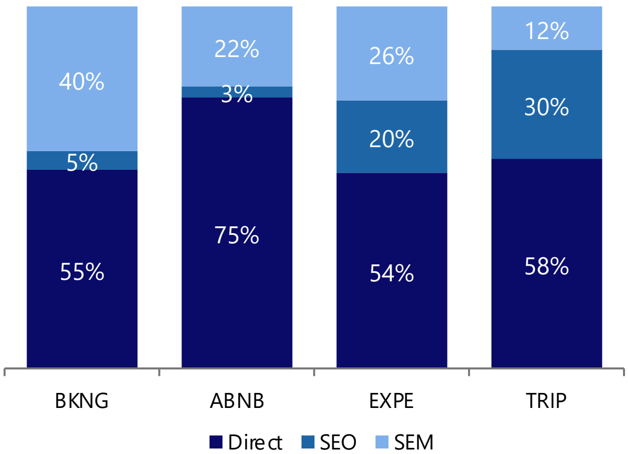
BKNG Ad Spend Per Room Night Relative to 2019



Source(s): Company Estimates, Wolfe Research

EXHIBIT VII

2019 OTA Traffic Mix



Source(s): Company Filings

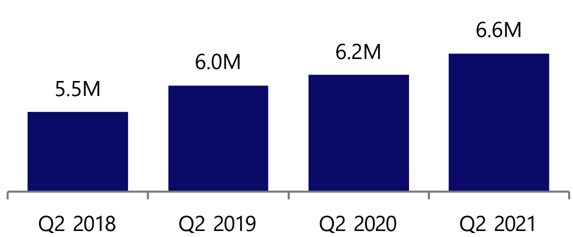
Industry Overview: Pressure from Hotels

One of the main concerns over the past five years for the OTA market as a whole has been pushback from hotels to pursue more direct bookings. During the financial crisis, OTAs grew their market share significantly by easy comparison and the lowest rates possible. During that time, hotels were desperate for business and readily signed agreements during times of falling rates and occupancy. Over the last twelve years, the consolidation of the OTA market has created an oligopoly with great leverage on suppliers, pushing OTA share of all US hotel and lodging online bookings to over 50%. During that time, hotels have become increasingly concerned about erosion of their own direct business and lack of guest loyalty due to this third party influence.

From 2015 – 2019, pushback from hotels came in the form of legal and regulatory action against rate parity clauses, advertising to promote direct booking, and increasing effort to improve hotel websites and social media. As covered in the last Consumers team report on BKNG, 2019 was a difficult year for OTAs, with BKNG's overall revenue growth cut to a single digit and Expedia cutting 12% of its global workforce. The early days of the pandemic were disastrous for both OTAs and hotels, but this time the macroeconomic shock catalysed hotels to start focusing even more on their direct booking platforms. Executives at several major hotel chains have announced new focus on their loyalty programs, and have also cited commission fees as a key concern. Both BKNG and Expedia will charge anywhere from 15-30% commissions on a booking, depending on the size of hotel. Data on the exact fee breakdowns are not disclosed, but there does not appear to be a significant opportunity for OTA's to continuously increase fees, and will generally be in-line with each other. With this in mind, it is important to consider if there is material risk in BKNG's supplier relationships, and if industry demand could shift more toward direct bookings.

EXHIBIT VIII

Booking.com Reported Alt. Accommodation Listings



Source(s): Company Filings

In response, major OTAs have been investing more in startup brands, simplifying their cancellation and payment policies, and adapting their purchase of search words and pay per click advertising to support their position to help consumers. With marketing spend set to rise over the next several years, OTAs can also leverage their expertise in reaching potential customers. Major OTAs typically spend 30 – 40% of revenue on marketing, while most hotels only average 6%. Moreover, a recent study Google estimated that 52% of travellers will visit a hotel's website after first seeing it on an OTA, and over 20% of direct bookings occurred after the guest found the hotel on an OTA. Smaller hotel chains that don't have the same scale to spend on marketing, particularly outside North America, also rely more on OTAs. Clearly, hotels still do rely heavily on OTAs, and it is unlikely that there will be a significant shift to direct bookings in the near to medium term.

Outside of hotels, the market for alternative accommodations is another avenue for OTAs to hedge themselves. In this market, BKNG has emerged as the only clear rival to Airbnb, consistently adding listings across their platforms. Management has deliberated that alternative accommodations are an important priority for the company, and have been dedicating increased marketing efforts toward promoting this channel to consumers. For BKNG, alternative accommodations do carry lower margins than regular hotel rooms, but will help the business diversify its income.

Thesis I – Long-Term Trends Paving the Way for Growth

As the pandemic subsides, the travel, tourism and restaurant industries are experiencing positive tailwinds supported by a) an increasing desire travel, b) a surge in domestic travel, c) continued but slowed growth in the Asia-Pacific region, and d) increased mobility in Europe. Furthermore, the implementation of vaccine passports and accessible rapid testing is catalyzing the return to normalcy, driving BKNG's growth in the long-term.

As identified by previous looks at the company prior to the pandemic, these drivers are largely priced into BKNG's current valuation; however, this analysis will serve as an update on these growth drivers post-pandemic to monitor the company's competitive developments.

Desire to Travel

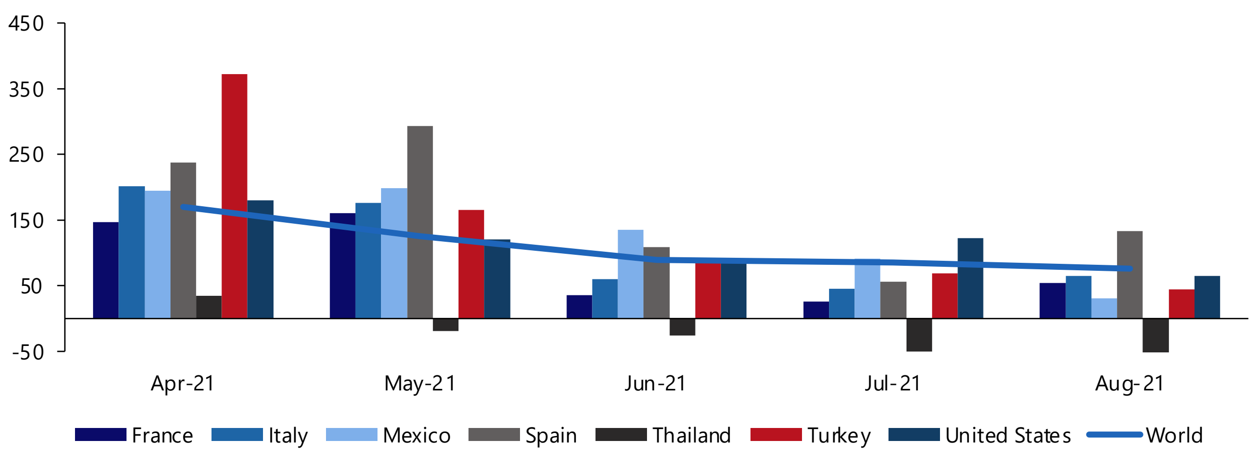
With the implementation of vaccine passports and the loosening of travel restrictions the desire to travel is growing as demonstrated by the World Tourism Organization's (UNWTO) *Tourism Recovery Tracker*. From April to August 2021, the number of people searching for flights online is up an average of 109% from 2020 values globally. Furthermore, positive travel sentiment is up 32% YTD as measured by the balance of negative and positive sentiment tracked on social media and online services.

Increase in U.S. Domestic Overnight Travel

Given that there are still significant barriers to international travel that persist, it is anticipated that there will be a surge in domestic travel or "staycations" in which travelers will use OTAs to source fun and unique accommodations closer to home. According to a report published by TripAdvisor, roughly 80% of US survey respondents were planning an overnight domestic trip in 2020 and this trend is expected to continue into 2021 and 2022. As stated in recent earnings calls, BKNG is focusing on strengthening their US businesses which will benefit from the surge in domestic travel.

EXHIBIT IX

YOY Change in Global Online Travel Search Volume



Source(s): UNWTO

Thesis I – Long-term Trends Paving the Way for Growth

The Resurgence of Travel and Tourism in APAC

Despite slowed travel growth in the Asia-Pacific region, we continue to see positive tailwinds for BKNG in China. In September 2020, China regained pre-Covid domestic volumes of tourism arrivals through the emphasis on national holidays and the introduction of tax-free shopping holidays. Other countries within APAC region have made a strong recovery in volumes of domestic travel including Vietnam, Bangladesh, South Korea and Afghanistan (Exhibit X).

One notable trend within the region is the digitization of smaller Asian vacation destinations, for example Macau. The Macau government has provided subsidies to small and mid-sized restaurants allowing them to invest in online reservation platforms to accommodate to consumers new desire to plan trips prior to arrival. BKNG is well positioned to benefit from this introduction to digitization as it can enter new smaller markets and increase its focus in pre-existing Asian regions leveraging its strong brand identity and scale.

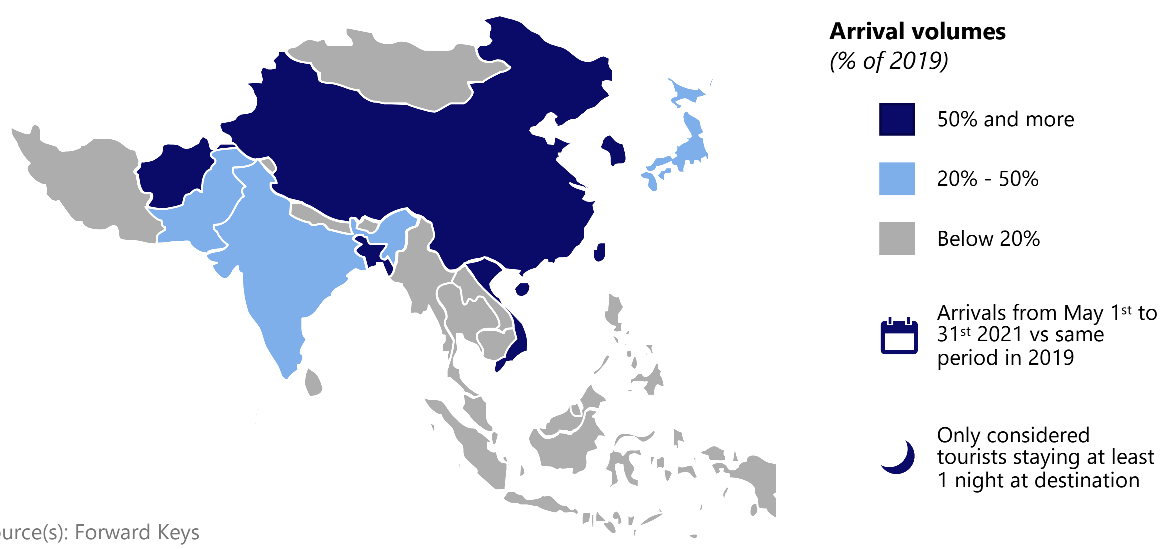
In contrast to prior investigation into growth in the APAC where BKNG has benefited from Chinese tourists partaking in long-haul trips to Europe, international travel volumes are still down for Asian tourists. Although this poses a risk to BKNG's European activity, we are still anticipating international tourism to return to normalcy as restrictions continue to lift.

Increased Mobility in Europe

Despite lower volumes of international travel to Europe, we are seeing increasing domestic levels of travel. With the introduction of the Green Pass, the European recognized vaccine passport, travel between countries within the Schengen Area has become a more desirable choice for European tourists. This domestic travel will continue to fuel the company's growth given that BKNG is the dominant player with the largest accommodation inventory in the region.

EXHIBIT X

Domestic Travel Recovery Across



Source(s): Forward Keys

Thesis II – High Quality Business With Competitive Moat

As the largest OTA in the industry, BKNG enjoys both economies of scale and network effect advantages.

In a highly fragmented and competitive industry, these advantages prove to be highly valuable against new players and incumbents. In recent years, the competitive landscape has intensified to the point where certain competitors without economic moats have significantly declined in value. The team has decided to revisit the original thesis and determine if BKNG's moats remain structurally sound.

Revisiting: Economies of scale

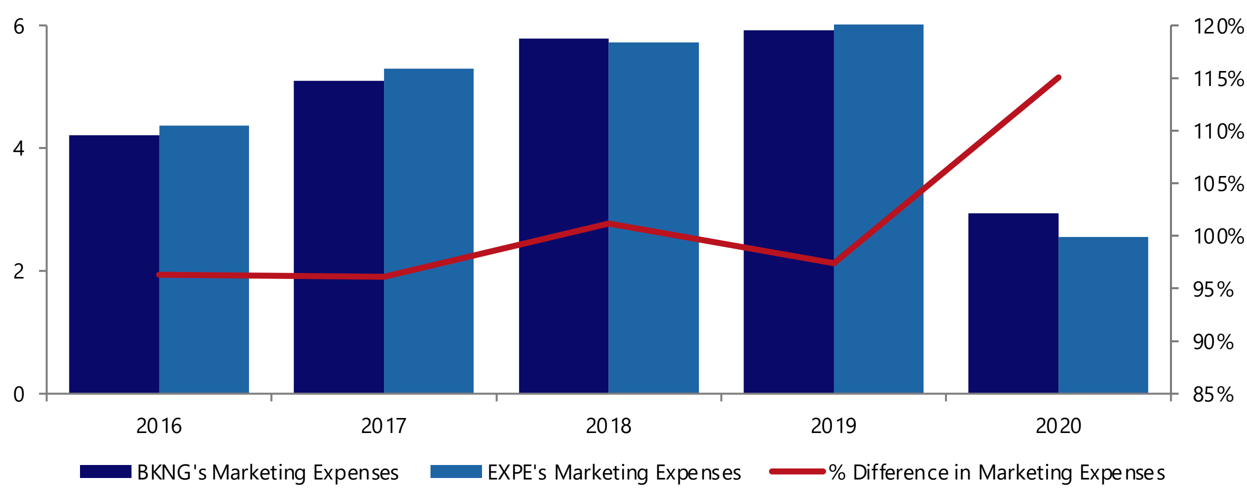
From the standpoint of scale, BKNG has inherent advantages as the largest OTA in the industry. Since BKNG is the largest company in the most lucrative part of the buying process, they have an advantage when it comes to marketing spend. Listing properties in the travel industry requires substantial amounts of marketing spend, and being the largest company in their segment allows BKNG to spend more on brand advertising than competitors, growing that lead. In 2020, BKNG spent 32.1% of its gross profit on marketing, including both property listing and brand marketing. With a larger brand advertising budget, BKNG captures more customers than competitors. This is especially important now after COVID, when customers are looking to choose a travel agent. To illustrate, examine BKNG's position against its current main competitor, we observe that BKNG generated 31% more revenue and spends 15% more on marketing than Expedia (Exhibit XI and Exhibit XII).

Revisiting: Network effects

BKNG has another significant advantage from having such a large marketplace of travel services. Its massive network of 2.4 million properties across 220 countries all across the globe allows customers to choose from a wider variety of options. For BKNG, optionality is a key advantage derived from its powerful network.

EXHIBIT XI

Selling and Marketing Expenses Comparison of Expedia and Booking Holdings (in Billions, USD)



Source(s): Statista, S&P Capital IQ

Thesis II – High Quality Business With Competitive Moat

The abundance of listings, reviews, and services combined with its one-stop shop feature is difficult to replicate by competitors. BKNG's platform Booking.com is a gold standard travel product and properties want to list where there is an abundance of customers. Next to its larger competitor in the OTA space, BKNG has 2.5x the number of listings Expedia offers.

Revisiting: Brand Advertising

It is important for BKNG to maintain its brand value in the face of intensifying competition from big tech such as Google. While it may not be the strongest economic moat, there's value in being a reputable travel provider.

Customers will stick with what works even if a competitor comes out with a better product. Previously in the Q3 2019 report, the counsel expressed concerns with management's comments on its brand advertising strategy. The team decided to revisit this concern and examine BKNG's success in advertising.

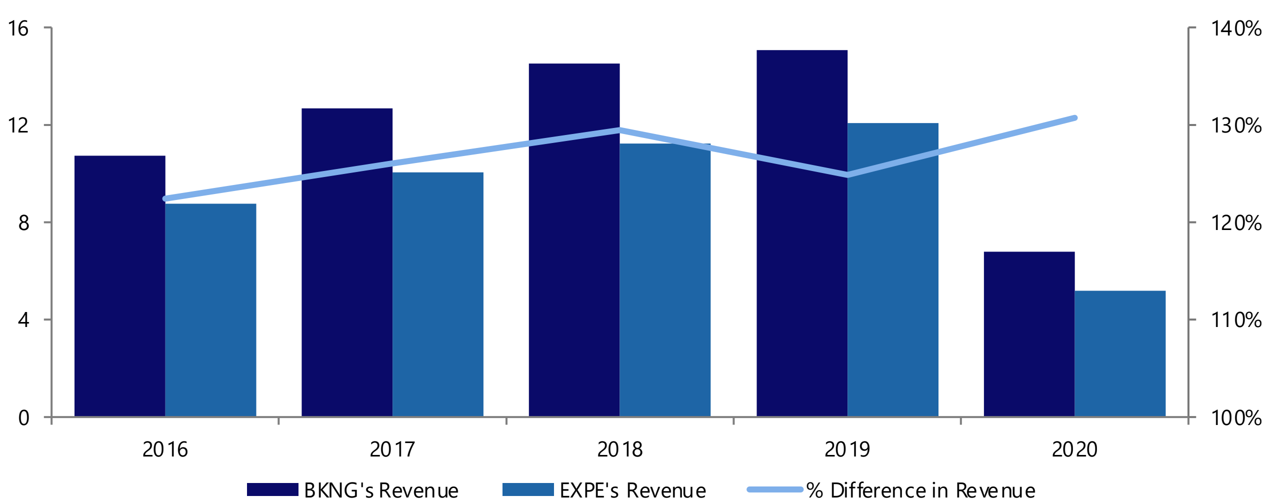
Sustainability of Moats

From the standpoint of economic moats, BKNG has solid advantages with economies of scale and network effects. However, BKNG finds itself in an interesting scenario where they are becoming increasingly competitive with their partner Google. In 2011, Google initially moved into the interest and search part of the buying process. In 2014, Google moved into the comparison part of the process essentially pushing out many incumbent competitors. In 2019, Google began changing its algorithms to place the Google travel services at the top of the page.

In 2021, Google and BKNG still remain partners as Google does not facilitate the booking transaction on their website. However, the team acknowledges recent moves by Google such as making it free to list properties on their platform as indications of further plans with Google Travel. Therefore, BKNG retains its current economic moats, but with Google on looming on the horizon, the team notes a narrowing moat.

EXHIBIT XII

Revenue Comparison of Expedia and Booking Holdings (in Billions, USD)



Source(s): S&P Capital IQ

Does Google Pose a Threat?

Google's Offering

Google Travel launched in 2019 as a replacement for the Google Trips mobile application. In the previous report, the Consumers team highlighted the sell-off of the Big 3 OTAs that followed the release (see Exhibit XIV). While poor Q3 performance was a factor, the primary concern was Google's ability to push further downstream in the travel booking cycle. This would erode Booking's existing economic moat, therefore leaving the quality of this business in question. However, further due diligence has proven Google's offering poses little risk for Booking to thrive as an OTA market leader.

What Differentiates Booking?

Google Travel is a robust, fully-integrated metasearch platform that allows users to search for flights, hotels, alternative accommodations, and attractions in a "one-stop-shop" solution. To make reservations, however, users are redirected to external websites. At its core, Booking is not a metasearch business. Most importantly, it is very unlikely Google expands its Travel service beyond metasearch.

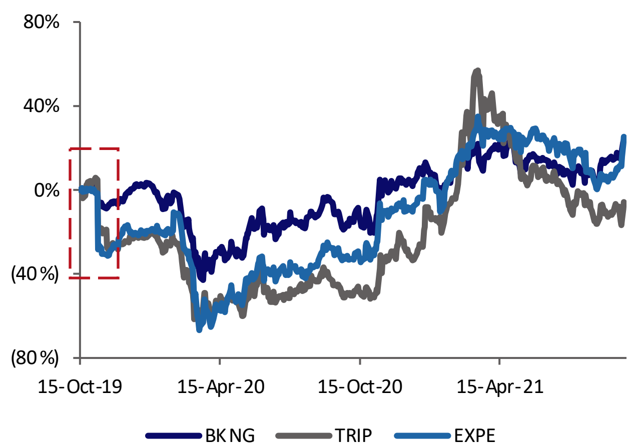
In 2016, Oliver Heckman (VP of Travel at Google) confirmed Google's apprehension to enter the OTA market at the ITB Berlin Trade show:

"We are not becoming an OTA, not now or in the future… If we were to become an OTA we would be playing to our weaknesses"

Although this quote is five years old (a long time in the technology sector), there are key structural factors that still exist to support this statement. Firstly, OTAs rely heavily on personnel for sales and customer support. These functions are essential to negotiate with a global network of accommodation owners and provide customers with support to maximize satisfaction. To pursue this endeavour would require large capital investments, only for Google to compete in an industry that strays away from its core advertising business.

EXHIBIT XIII

"Big 3" OTAs Stock Performance



Source(s): S&P Capital IQ

There are also anti-trust considerations that are at the forefront of this expansion. A conflict of interest arises in this scenario, as Google has the power to prioritize its own listings at no cost, essentially monopolizing the OTA industry.

Booking is Well Insulated Relative to Peers

Google's presence in the metasearch space poses a bigger threat to TripAdvisor and Expedia. Google generates advertising revenue and can put its customers' listings higher in the search results. These two businesses are more exposed to this risk, due to the fact that both are reliant on free, organic search engine optimization to drive search results (not to mention TripAdvisor's core business is metasearch). Contrarily, due to Booking's existing advertising cost structure, offerings from Booking.com often appear at the top of search results within Google Travel. This is a symbiotic relationship that reinforces Booking's favourable position in comparison to its competitors.

Valuation: Financial Model Output and DCF

QUIC values Booking through a 5-year DCF. The DCF uses an 8% discount rate and a 1.5% terminal growth rate. The key value drivers in this DCF are gross bookings and margin expansion.

QUIC expects accelerated growth over the next two years due to various economic catalysts, such as the increased rollout of vaccinations globally and the economy reopening.

QUIC forecasts growth in brand advertising and decrease in performance advertising, as per management guidance. This should generate a higher return on Booking's advertising spend based on the nature of the expenses, explaining in detail in the 2018 QUIC Consumers Report on Booking Holdings.

QUIC believes Booking Holdings is worth $3,006.76 per share. This valuation implies a return of 20.7%, and a 19.9x 2021 EV/EBITDA model, declining to 11.6x in its terminal year.

Operational Summary	2010A	2011A	2012A	2013A	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E
	Actual											Forecast				
Income Statement Items																
Travel Bookings	1,896.3	3,068.0	4,070.3	5,544.7	7,174.0	7,978.7	9,601.8	11,596.6	13,467.0	13,947.0	6,431.0	12,870.7	20,593.1	23,682.0	26,050.2	28,655.3
Advertising and Other	12.7	11.9	13.4	171.1	410.1	613.1	712.9	833.9	1,060.0	1,119.0	1,208.5	1,293.1	1,370.7	1,439.2	1,511.2	1,586.8
Total Gross Profit	1,909.0	3,079.9	4,083.7	5,715.9	7,584.1	8,591.8	10,314.7	12,430.5	14,527.0	15,066.0	7,639.5	14,163.8	21,963.8	25,121.3	27,561.4	30,242.0
Gross Profit Growth (%)		61.3%	32.6%	40.0%	32.7%	13.3%	20.1%	20.5%	16.9%	3.7%	-49.3%	85.4%	55.1%	14.4%	9.7%	9.7%
EBITDA	832.6	1,452.7	1,894.9	2,530.4	3,281.1	3,531.4	4,156.1	4,900.8	5,768.0	5,814.0	1,038.0	4,054.3	8,031.3	9,236.0	10,159.6	11,175.6
EBITDA Margin (%)	43.6%	47.2%	46.4%	44.3%	43.3%	41.1%	40.3%	39.4%	39.7%	38.6%	13.6%	28.6%	36.6%	36.8%	36.9%	37.0%
Total EBIT	786.8	1,398.9	1,829.8	2,412.4	3,073.3	3,258.9	3,847.0	4,538.0	5,342.0	5,345.0	580.0	3,935.3	7,914.3	9,135.8	9,707.4	10,971.7
EBIT Margin (%)	41.2%	45.4%	44.8%	42.2%	40.5%	37.9%	37.3%	36.5%	36.8%	35.5%	7.6%	27.8%	36.0%	36.4%	35.2%	36.3%
Net Income	527.5	1,056.4	1,419.6	1,892.7	2,421.8	2,551.4	2,135.0	2,340.8	3,999.0	4,865.0	59.0	4,075.1	7,218.6	8,183.6	8,635.1	9,633.9
EPS (FD)	$10.35	$20.63	$27.66	$36.11	$45.67	$49.45	$42.65	$46.86	$83.28	$113.59	$1.43	$99.01	$175.38	$198.82	$209.79	$234.06
Key Value Drivers																
Gross Bookings	13,645.0	21,658.0	28,456.0	39,173.0	50,301.0	55,528.0	68,087.0	81,226.0	92,731.0	96,442.0	35,359.0	91,933.4	147,093.4	169,157.5	186,073.2	204,680.5
Gross Bookings Growth (%)		58.7%	31.4%	37.7%	28.4%	10.4%	22.6%	19.3%	14.2%	4.0%	-63.3%	160.0%	60.0%	15.0%	10.0%	10.0%
Take Rate	13.9%	14.2%	14.3%	14.2%	14.3%	14.4%	14.1%	14.3%	14.5%	14.5%	18.2%	14.0%	14.0%	14.0%	14.0%	14.0%
Performance Advertising/Gross Profit	28.9%	29.8%	31.2%	31.5%	31.1%	31.9%	33.7%	33.3%	30.6%	29.3%	32.1%	35.0%	35.0%	35.0%	35.0%	35.0%
Brand Advertising/Gross Profit	1.9%	1.2%	0.9%	2.2%	3.0%	3.2%	2.9%	3.2%	3.5%	4.0%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Advertising/Gross Profit	30.8%	31.0%	32.1%	33.7%	34.2%	35.1%	36.6%	36.5%	34.1%	33.3%	35.6%	35.0%	35.0%	35.0%	35.0%	35.0%
Capital																
NCWC	(247.4)	(239.5)	(489.6)	(586.8)	(519.6)	(535.4)	(789.4)	(1,153.6)	(1,432.0)	(1,335.6)	(679.6)	(1,287.1)	(2,059.3)	(2,368.2)	(2,605.0)	(2,865.5)
Capital Expenditures	22.6	46.8	55.2	84.4	131.5	173.9	219.9	287.8	442.0	554.9	237.9	450.5	720.8	828.9	911.8	1,002.9
Depreciation and Amortization	45.8	53.8	65.1	118.0	207.8	272.5	309.1	362.8	426.0	452.2	203.9	386.1	617.8	710.5	781.5	859.7
NCWC/Gross Profit	-13.0%	-7.8%	-12.0%	-10.3%	-6.9%	-6.2%	-7.7%	-9.3%	-9.9%	-8.9%	-8.9%	-9.1%	-9.4%	-9.4%	-9.5%	-9.5%
Capex/Gross Profit	1.2%	1.5%	1.4%	1.5%	1.7%	2.0%	2.1%	2.3%	3.0%	3.7%	3.1%	3.2%	3.3%	3.3%	3.3%	3.3%
Depreciation/Gross Profit	2.4%	1.7%	1.6%	2.1%	2.7%	3.2%	3.0%	2.9%	2.9%	3.0%	2.7%	2.7%	2.8%	2.8%	2.8%	2.8%

Overview	
Price @ 2021/09/25	$2,491.35
DCF Value (8% WACC)	$3,006.76
Total Return	20.7%

Valuation at December 31, 2021					
WACC	7.50%	7.75%	8.00%	8.25%	8.50%
Enterprise Value	127,124	121,324	115,978	111,038	106,458
Equity Value	140,935	135,134	129,789	124,848	120,268
Equity Value Per Share	$3,264.97	$3,130.59	$3,006.76	$2,892.29	$2,786.19
2022 Multiples					
EV / EBITDA	122.5x	116.9x	111.7x	107.0x	102.6x
P / E	135.8x	130.2x	125.0x	120.3x	115.9x
2020 Multiples					
EV / EBITDA	21.9x	20.9x	19.9x	19.1x	18.3x
P / E	24.2x	23.2x	22.3x	21.5x	20.7x

Source(s): Company Reports

References

1. Booking Holdings Company Filings
2. Credit Suisse
3. Ensemble Capital
4. Expedia Company Filings
5. Financial Times
6. IBIS World
7. S&P Capital IQ