



Expedia Group, Inc. (Nasdaq: EXPE)

Position: Long

Company Overview

Description

Expedia is an online travel company that provides travel products and services across a portfolio of brands, including Expedia.com, Hotels.com, and Vrbo.

Expedia employs 17,100 employees and operates over 200 websites in more than 70 countries.

Margin Profitability (Q3 2024)

	Revenue	Adj. EBITDA	Operating Income	Margin
B2C	\$2.78B	\$1.028B	\$879M	31.6%
B2B	\$1.178B	\$338M	\$285M	24.2%
Trivago	\$160M	\$14M	\$13M	8.1%
Total	\$4.06B	\$1.136M	\$762M	18.8%

Business Segments

B2C

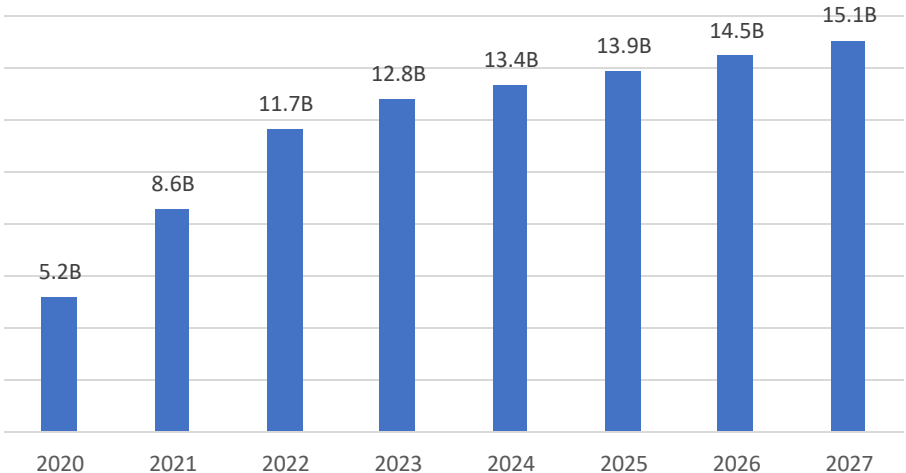
B2B

Trivago



4.1% CAGR

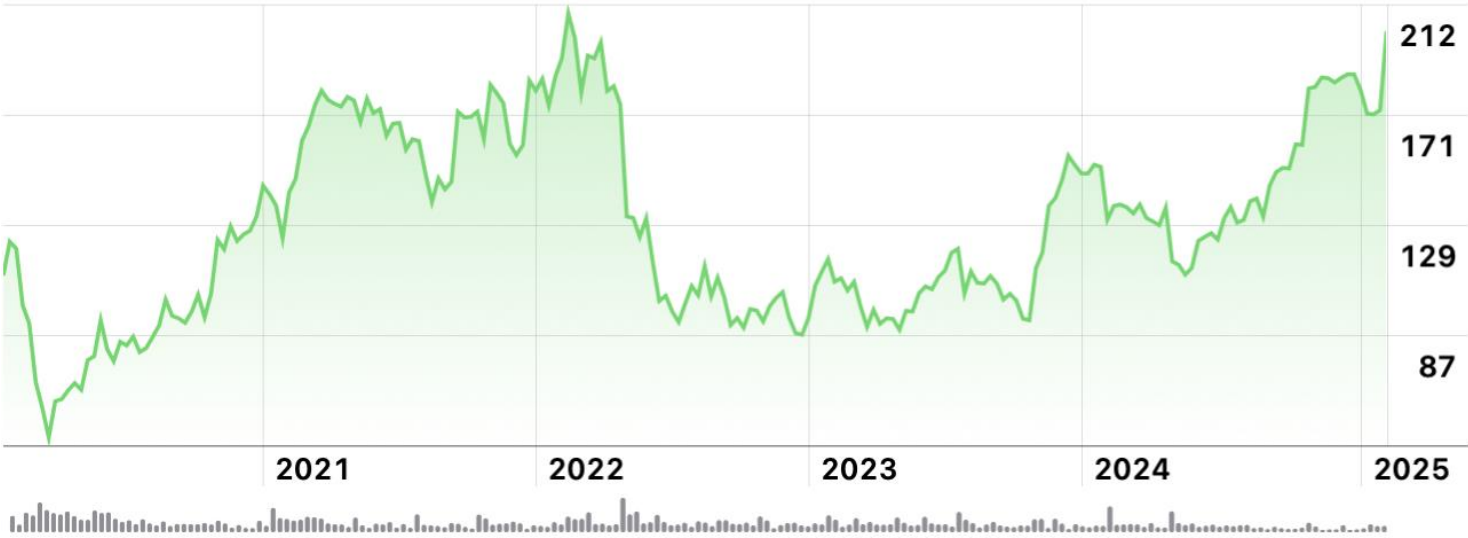
Revenue



Financial Overview

Important Information			
EPS	Cash	P/E	Revenue YTD
\$5.28	\$4.7B	28	\$10.5B

*Based off of Q3 2024 Earnings (09/30/2024)



Stock Drivers

- 2020: COVID-19 led to a 57% revenue drop and a 66% gross bookings decline
- 2021: Travel recovery (“revenge travel”) but volatility around fluctuating demand in different geographies
- 2022: Faced decline in travel boost and normalizing growth rates
- 2024: Platform optimization, cost discipline, and overall margin expansion
- Late 2024/Early 2025: Resilient winter travel, overperforming gross booking numbers

Industry Overview

Description

Expedia operates in the global travel spending industry (\$2 trillion market size). Key competitors include Booking Holdings, Airbnb, and TripAdvisor.



Booking.com



Index Comparison

S&P 500 composite hotels, resorts, cruise lines index



47.52%

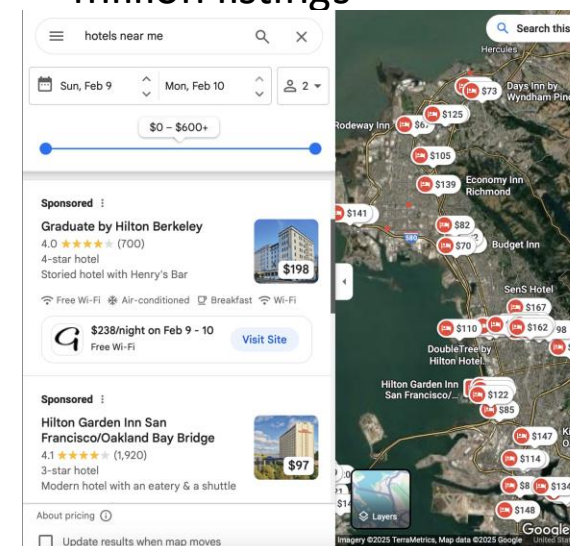


35.04%



Competitive Risks

- Search engine risk: Google's implementation of PPAs (property promotion ads) on Maps/Search taking away Trivago domain traffic
- Commissions: Airbnb charges 3% host fee, while Vrbo charges 5% flat rate for hosts
- Supply disadvantage: Booking.com aggregates over 28 million listings, which is 7x Expedia's 3.5 million listings



Competitive Advantages

One Key Loyalty Program

- One Key loyalty program allows members to earn rewards on accommodations, flights, car rentals, activities (vs Genius program only being accommodations)
- One Key cross-branding with Wells Fargo and Mastercard (multiyear agreements) heightening brand visibility

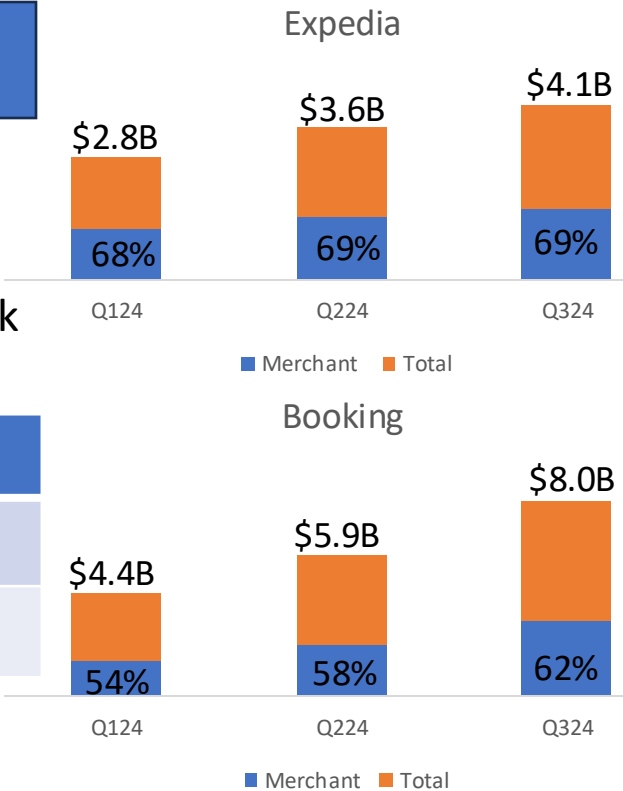


More Revenue as Merchant

- Expedia does more of its business as a merchant, which leads to better margins because handling inventory risk = discounted purchase price

Company	Merchant	% of total
Expedia	\$2.8B	68.9%
Booking	\$4.97B	62.2%

Expedia 9% room night growth matches Booking.com's at 8% indicates no slowdown in room bookings (insulating "overbuying" rooms)



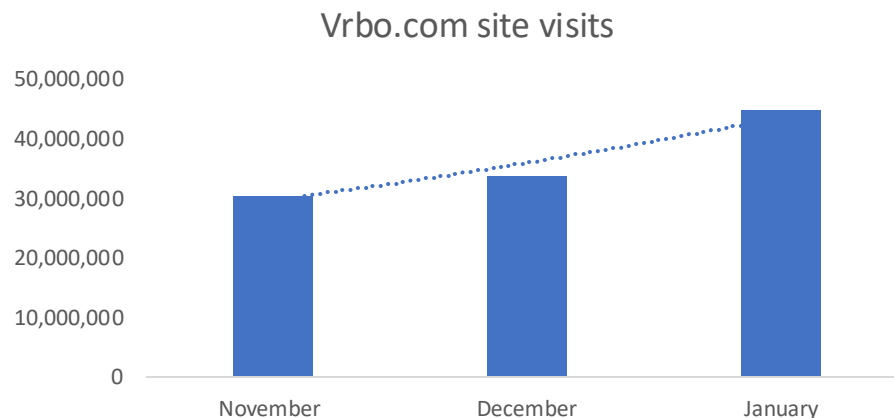
Investment Thesis

First Mover Advantage in Loyalty Programs

- Airbnb has no loyalty program offerings. Meanwhile, Vrbo will leverage increasing app traffic to generate customer base.

Selected Earnings Quotes

- "App traffic growth has accelerated and more visitors are signing in"
- "30% of travelers who are redeeming their One Key cash on Vrbo after earning it on the other brands are actually net new to Vrbo"

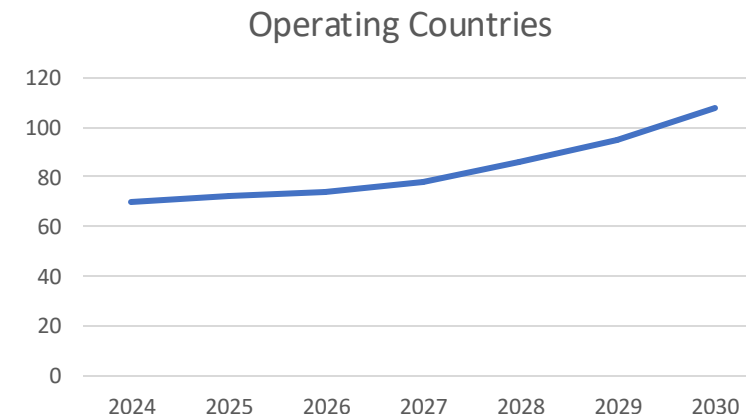


B2B Partnership International Growth Unpriced

Success Story: Traveloka

- Local online travel agent (OTA) in Indonesia
- Have customers who want to travel to markets they don't understand, which is where Expedia offers 1) international travel service and then 2) takes over local market through agent model

traveloka 



Path to 100 countries by 2030, benefited ease of implementation from unified tech stack



Q&A