

Booking Holdings Inc. (BKNG)

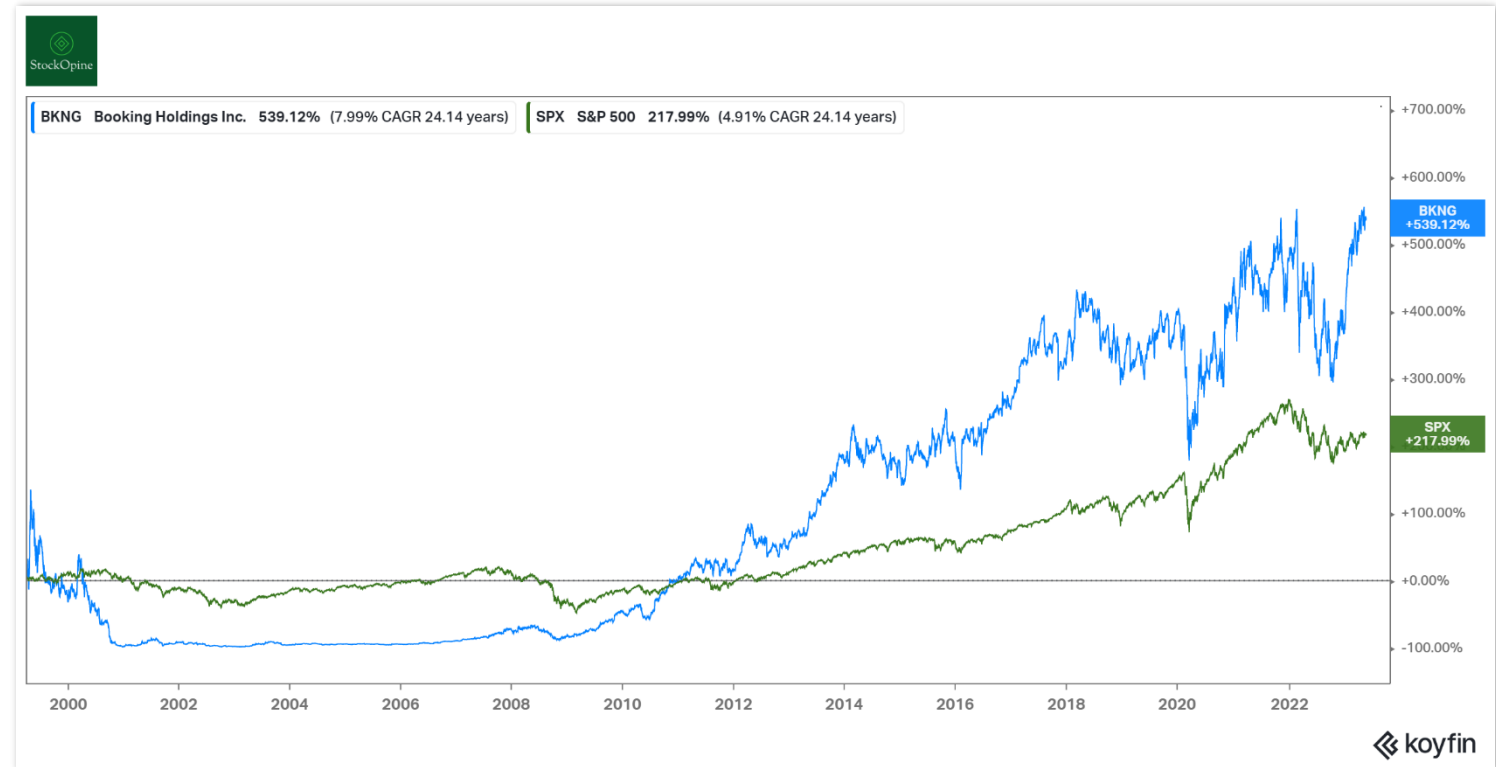
The travel industry remains strong & resilient

The Stock

Key market facts

Description	Value
Market Cap	\$98.3B
Current price	\$2,646.07
Year-to-date returns	+31.3%
52-week range	\$1,616.85 - \$2,731.75
Trailing 12 months P/E	25.9x
Trailing 12 months EV/EBITDA	13.9x

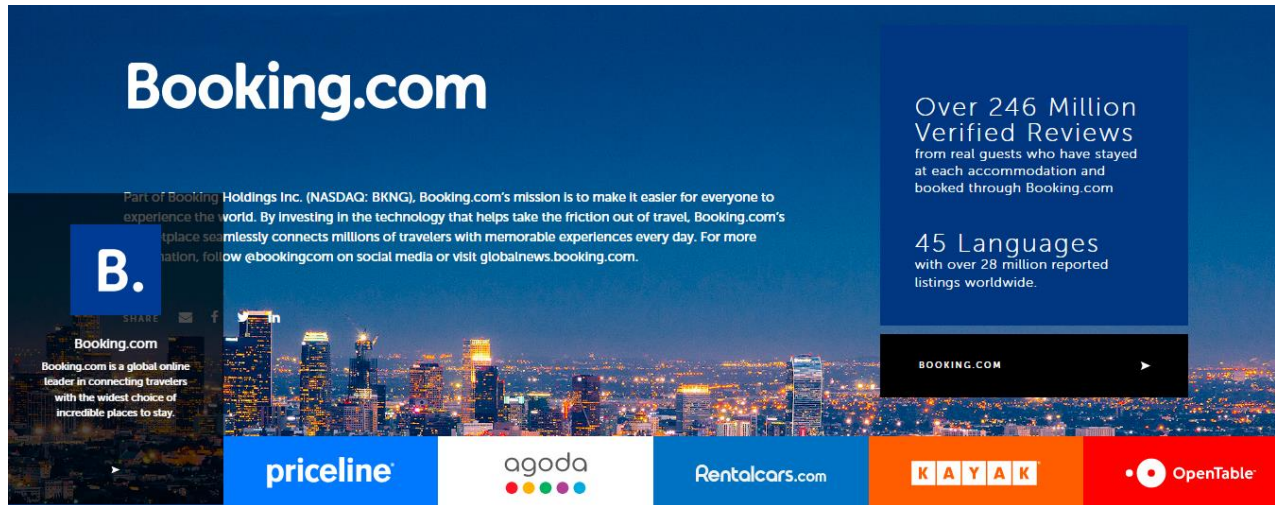
Note: As of 16th of May 2023



Business Overview

Booking's Key Brands

Booking is the world's leading Online Travel Agency operating through 6 key brands:



Source: Company's website

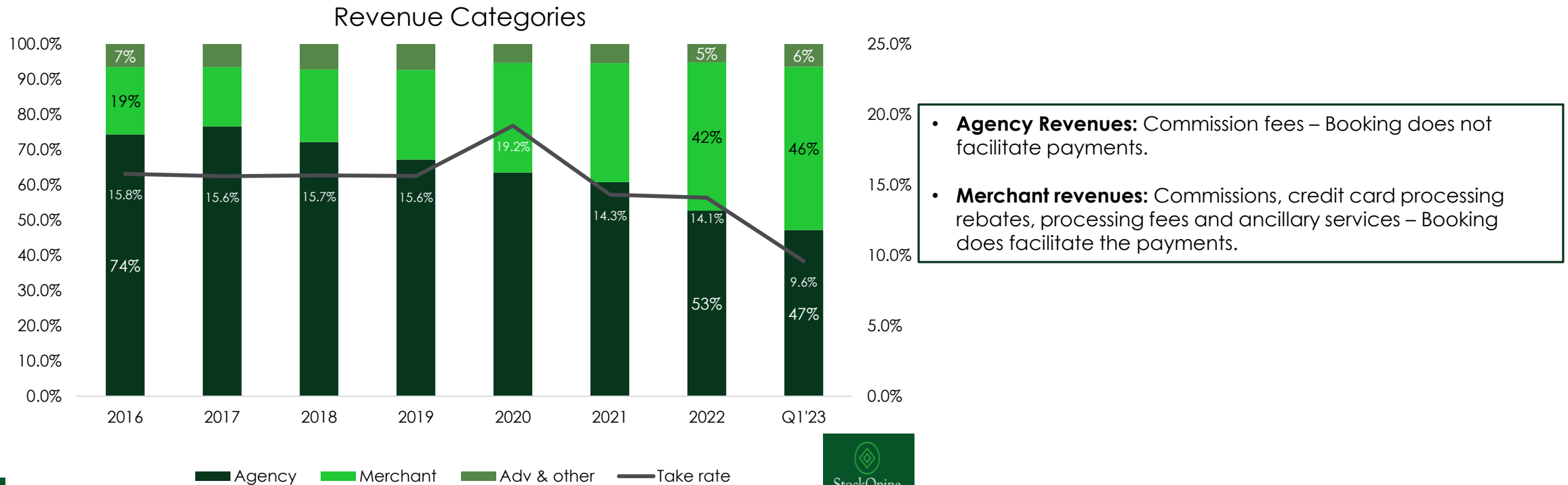
"Substantially all of our **agency revenue** is from Booking.com's accommodation reservations"

"The majority of our **merchant revenue** is from Booking.com's accommodation reservations."

- **Booking.com:** The leading **market place to book an accommodation** while you can also book a flight, rent a car or book an attraction.
- **Priceline:** Looking for more discounts? Look no further than priceline. Similar to booking.com but usually better discounts on hotels.
- **Agoda:** The leading online accommodation platform in Asia – Pacific region.
- **Rentalcars.com:** Car hire platform operated as part of booking.com.
- **Kayak:** A travel search engine.
- **OpenTable:** Online restaurant reservations.

Revenue Categories

Merchant revenues became equally relevant as Agency revenues



Source: Company filings, StockOpine analysis



What else does matter to Booking model?

Direct and App Bookings and Alternative Accommodation

Direct App Bookings

In Q1 '23, direct bookings achieved their highest level ever → **45% of room nights**

~30-35% in 2019



~45% in Q1 '23

Alternative Accommodation

~6.7 million listings in Q1 '23 (up from ~6.6 in Q4 '22)

~BKNG in FY22 6.6M



~ABNB in FY22 6.6M

Management

Tone at the top

A long tenured management is at the wheel

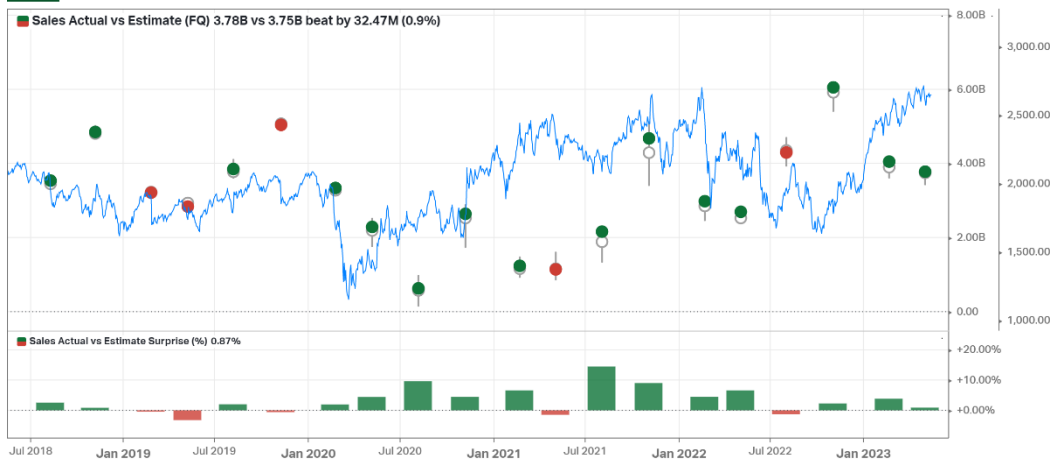
Found 6,161 of over 7K reviews

Sort Popular

4.1 ★★★★★

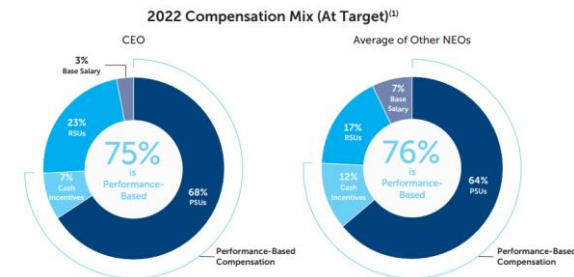


Source: Glassdoor



koyfin

- **Glenn Fogel:** has served as Chief Executive Officer and President of Booking Holdings Plc since **January 2017** and CEO of Booking **since June 2019**. He joined the Company in 2000.
- **75%** of CEO's compensation is performance based & **91% is share based**.

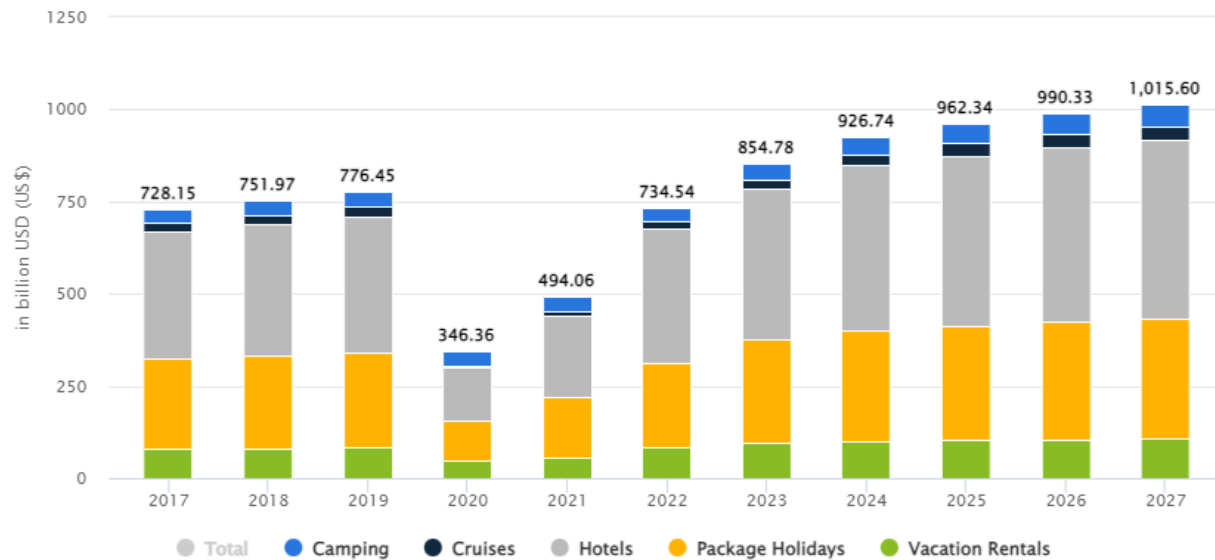


- Management seems to be **executing** missing sales guidance marginally and occasionally.

Industry

Market analysis

Travel & Tourism forecasts remain strong

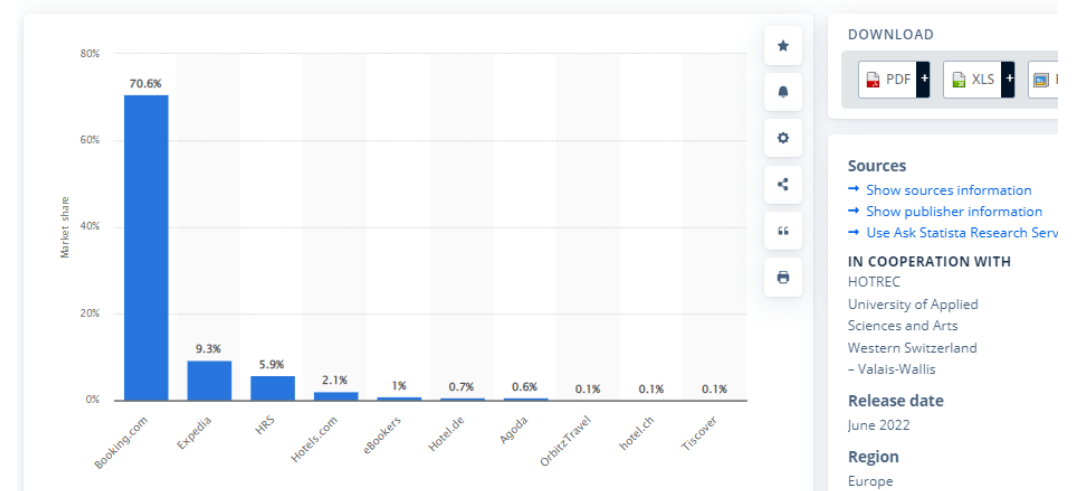


Source: Statista (published on Jan, 2023)



- **The Travel & Tourism market** is the broader market for Booking and is projected to reach \$854.8bn in 2023 and generate an annual growth rate (**CAGR**) of **6.7%** for 2022-2027, resulting to a projected market volume of **\$1,015.6bn** by 2027.
- Online sales are expected to account for **74%** of total Travel & Tourism market.

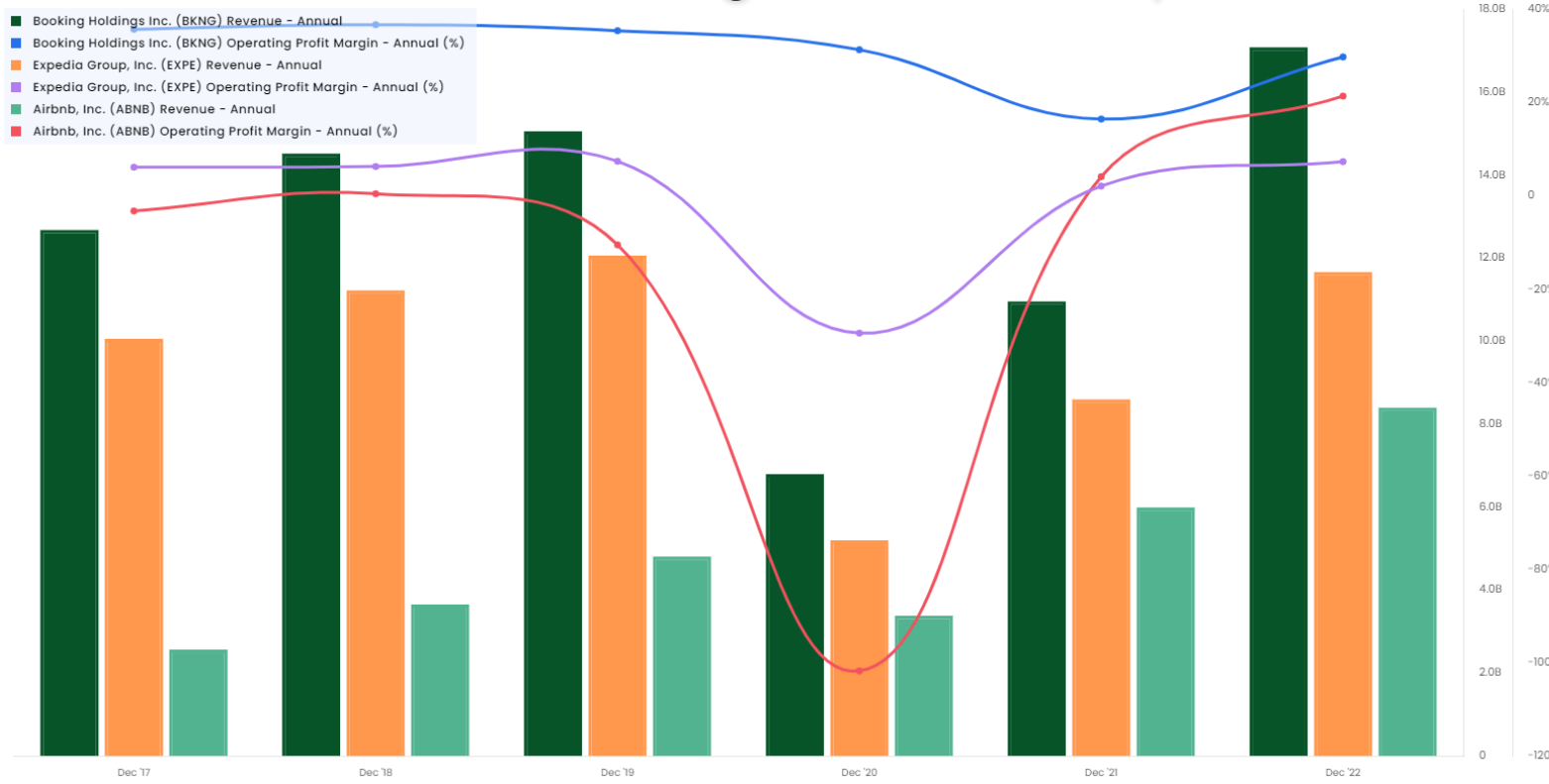
Relative market share of major online travel agencies (OTAs) in Europe in 2021



Source: Statista (published on June, 2022)











Key financials Vs Airbnb & Expedia

The largest and the most profitable!



- **Booking** is the key OTA player in terms of revenue with **\$17.1B** in FY22.
- Expedia generated \$11.7B and Airbnb \$8.4B.

10 Most Downloaded OTA Apps in 2022 Worldwide

1	 Booking.com 80M	6	 Hopper 19.8M
2	 Airbnb 52M	7	 Skyscanner 16.4M
3	 Expedia 27M	8	 Hotels.com 14.4M
4	 Agoda 21M	9	 Trip.com 14.1M
5	 Vrbo 20M	10	 trivago 12.3M

Outsmart your competition with app intelligence from apptopia.com



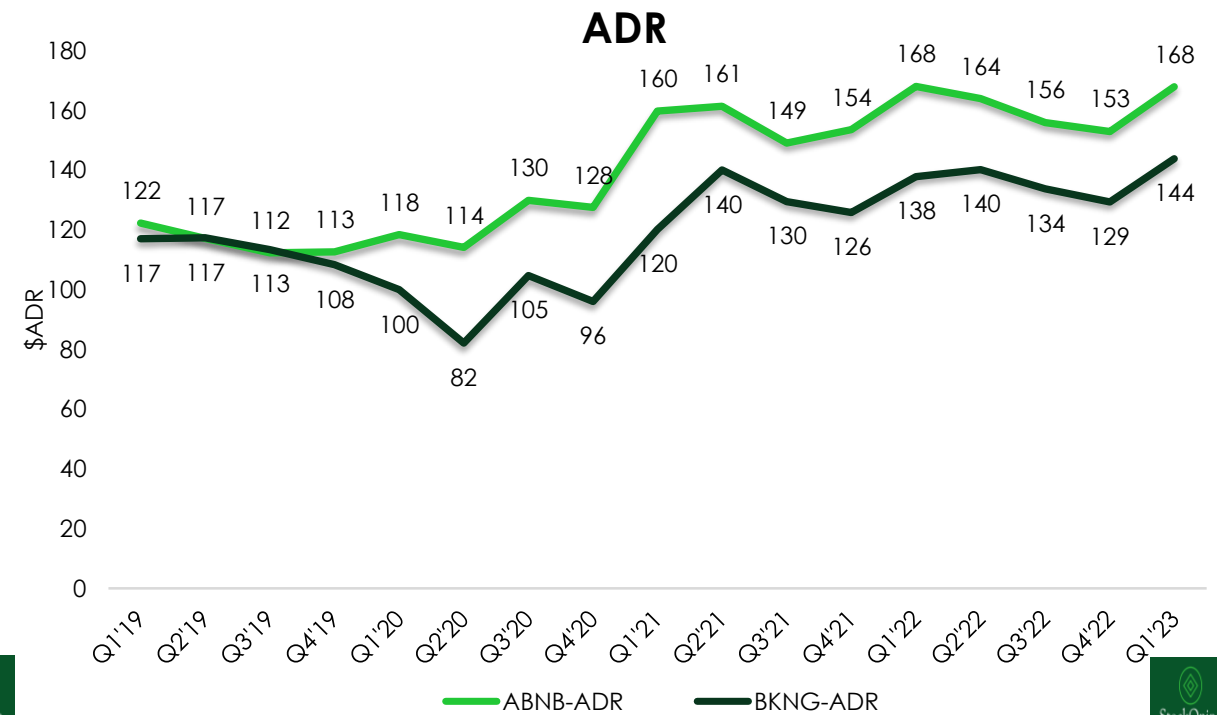
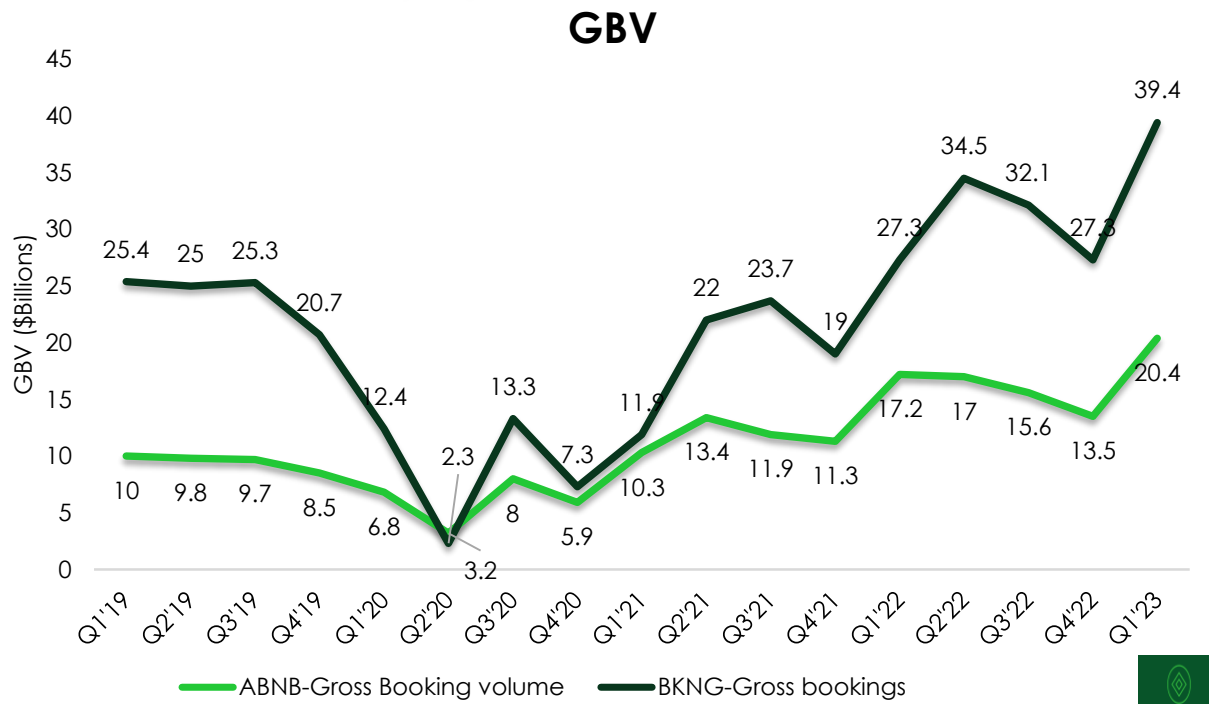
Source: Apptopia



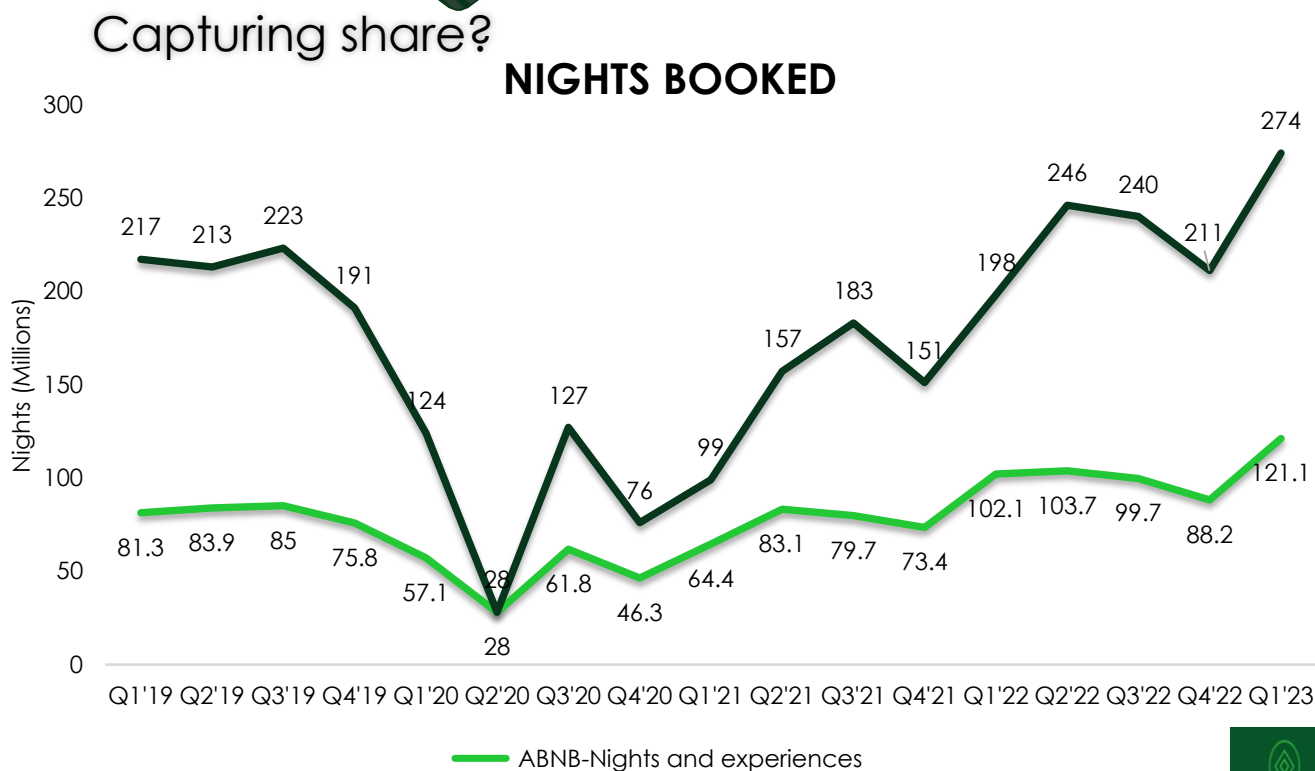
Source: [Stratosphere.io](https://stratosphere.io)

BKNG Vs ABNB (KPIs) (1/2)

The trend is only up!



BKNG Vs ABNB (KPIs) (2/2)



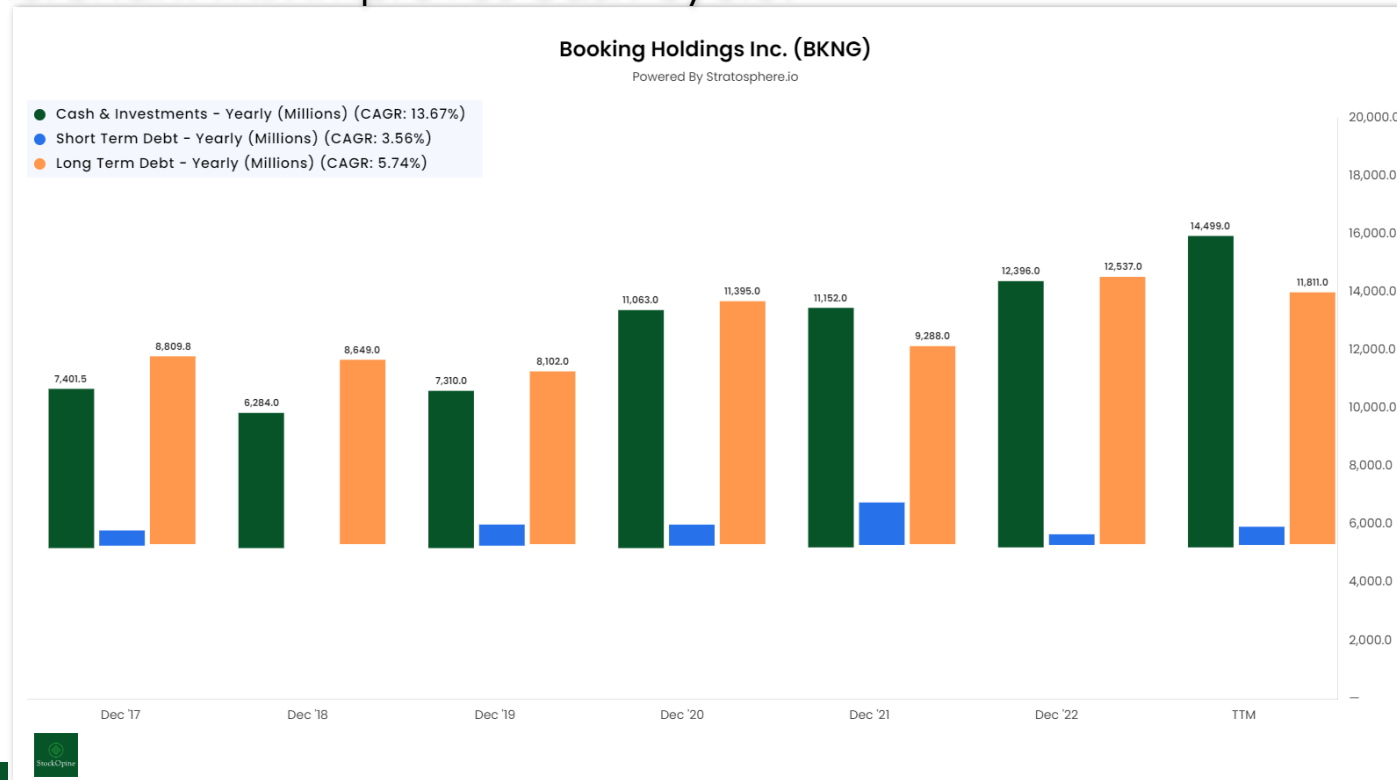
- Q1'23: **BKNG's GBV** grew by **44%** while **ADR** increased by **4%**.
- **ABNB's GBV** increased by **19%** driven by a proportionate increase in Nights and Experiences from Q1'22 while **ADR** remained **flat**.
- **Nights and Experiences** of BKNG **increased by 38%** and we presume that the key driver of the variance compared to ABNB is Asia.

BKNG alternative accommodation growth in North America room nights was +45% which implies that it is **taking share** from Airbnb!!

Financials

Financial position

Merchant mix improves cash cycle!



- **Healthy balance sheet** position standing at a negative net-debt position.
- **\$14.5B** in Cash & Short Term investments Vs Total Debt of **\$12.7B**.

Returns to shareholders

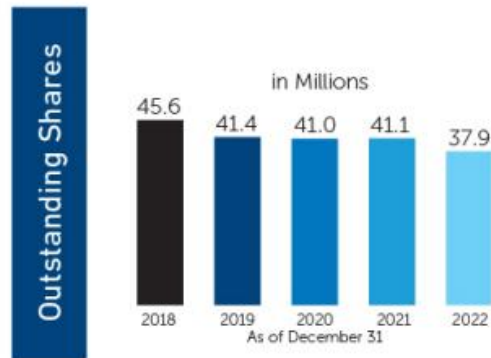
Booking is shareholder friendly

RETURN OF STOCKHOLDER VALUE

In 2022, we repurchased \$6.5 billion of our shares, **reducing our year-end share count by 8%** versus 2021.

In 2022, our stock-based compensation resulted in **less than 0.7% of stockholder dilution.**

In February 2023, we announced a new authorization to repurchase **\$20 billion of our stock.**



Share count reduced by
17%
since 2018

We expect to complete repurchases under our \$20 billion stock repurchase authorization and our prior \$4 billion authorization within the next four years.

Competitive advantages, Opportunities & Risks

Strengths, Opportunities & Risks

Mobile shift could be a long-term tailwind for Booking

Strengths:

- **Network effect** → More listings → more users → more listings and it goes on!
- **Brand name** → The download statistics state the obvious.
- **Optionality** → It has the platform to support additional offerings → Flights are taking off!!

Opportunities:

- **The Mobile shift** to book holidays.
- **Connected trip**

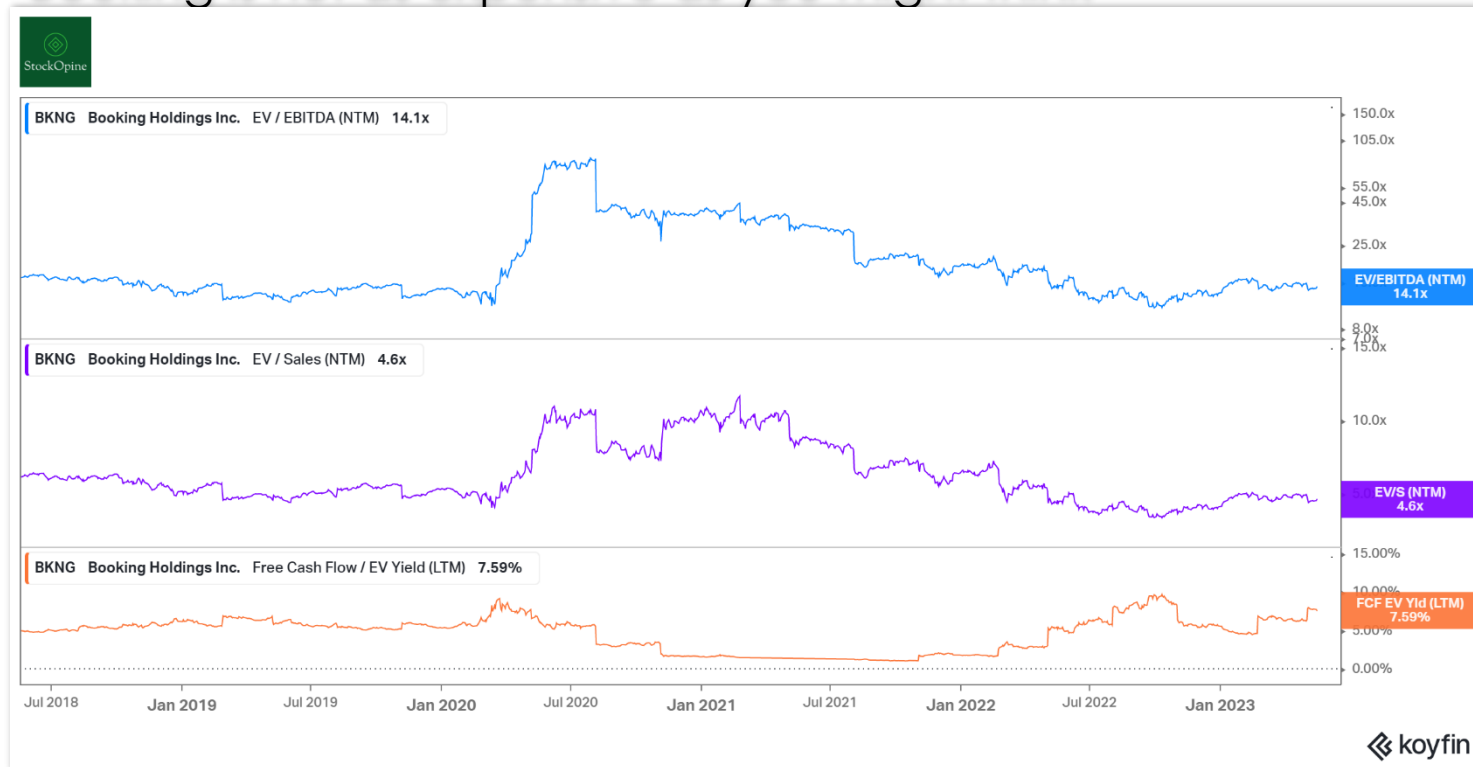
Risks:

- **Competition** is fierce.
- **Macro environment** → A prolonged economic slowdown can affect consumer confidence and spending trends.

Valuation

Multiples approach

Booking is not as expensive as you might think



- EV/EBITDA (Next Twelve Months) and EV/Sales trade **at the lowest levels seen** over the last 5 years.
- FCF yield stands at the **highest levels seen** over the last 5 years.

Reverse DCF

Double-digit growth is priced in

Description	Scenario 1	Scenario 2	Scenario 3
EBIT Margin	29%	31%	31%
Terminal Growth Rate	3%	3%	3%
Tax Rate	22%	22%	22%
Capex / Sales	2.4%	2.4%	2.4%
Discount Rate	10%	10%	8.5%
Implied 5 Year Revenue CAGR	13.7%	12.0%	6.3%

- Under the first calculation and the set of assumptions used, the market implies a 5 year revenue **CAGR of 13.7%**.
- Changing the EBIT margin to 31%, results to a 5-year revenue **CAGR of 12%**.
- A **change in the discount rate** makes Booking look undervalued with a **CAGR of 6.3%**.

Thank you!!

Disclaimer: The team does not guarantee the accuracy or completeness of the information provided in the newsletter or in this presentation. All statements express personal opinions based on own financial and business analysis. Any estimates or forward looking statements made are inherently unreliable. No statement of opinion is an offer or solicitation to buy or sell the financial instruments mentioned.

The content of our newsletter and this presentation is not a trading or investment advice and we do not provide any personal investment advice tailored to the needs of any recipient. The information provided should not be considered as a specific advice on the merits of any investment decision. Securities trading involve risk and you might lose your capital and/or incur other damages. Investors should make their own research and consult their registered investment advisor or financial advisor before taking any investment decision.

Neither the team nor any of its affiliates accept any liability whatsoever for any direct or indirect loss however arising, from any use of the information contained herein. Any unauthorized copy of this newsletter, presentation or its contents is illegal.

This presentation may contain affiliate links, which means that we might get a commission if you decide to sign-up using any of these links. No extra cost is charged to you.

By subscribing / reading our newsletter or any affiliated social media accounts, you indicate your unconditional acceptance to the above and your unconditional acceptance to our terms and conditions.

