



DUX CAPITAL



LTS CHALLENGE 2024



BOOKING
HOLDINGS

Booking.com

BUY RATING

IRR: 16.5% **Upside: 17.0%**

(5 year investment)

Investment thesis – it's time to BUY!

We see BKNG trading at a lower price than it should

I. The outstanding OTA in the market

An extremely efficient player with **21%** traffic share worldwide

II. The most efficient marketing strategy in a competitive business

Booking invests more than **10%** than its peers in marketing and can dilute its expenses reaching **33%** EBITDA margin

III. A company guided by the right people and with an unique tech structure

Management with a **75%** variable compensation and a **10.8%** Revenue CAGR since 2017



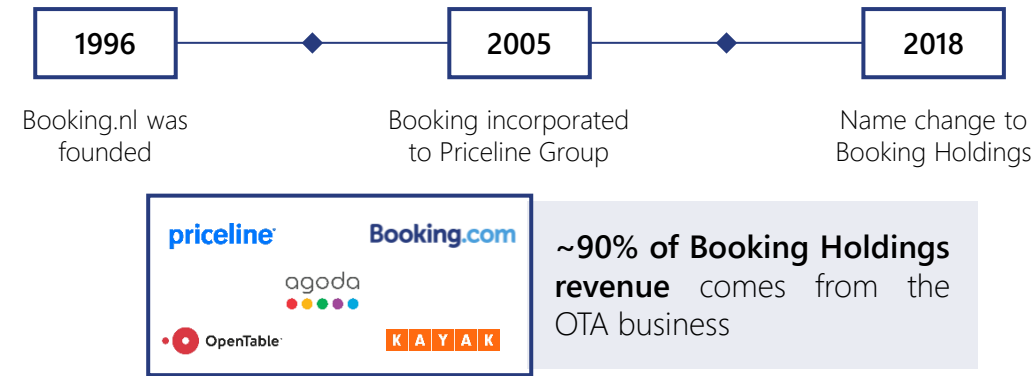
(1): stock price on May 28th (2nd phase delivery)

What is Booking Holdings?

Booking became the most relevant OTA worldwide in a winner-takes-all industry

1. Booking started as a traditional OTA, but once it became part of Priceline Group, the ecosystem grew more complex...

Booking Holdings timeline



3. This performance is leveraged by a solid structure of a huge company, with a worldwide network...

136bn mkt cap [USD]

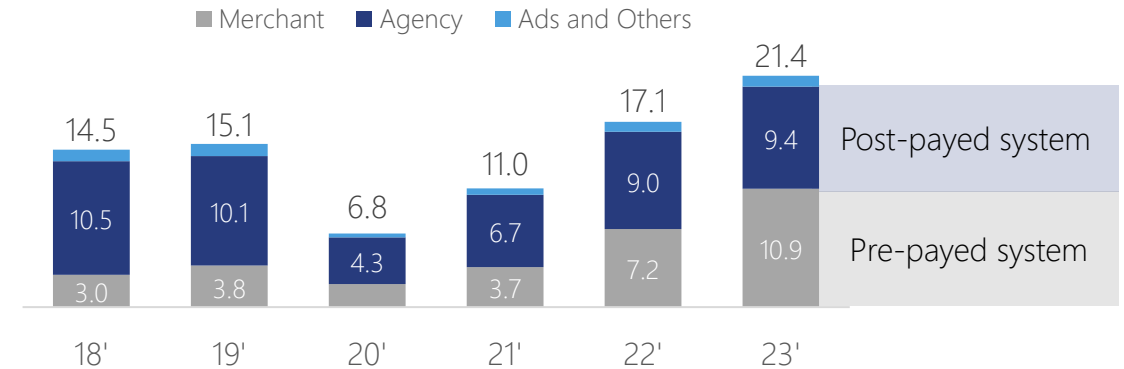
6,339mn EBITDA [USD]

20.1% Net Margin

+475,000 hotels

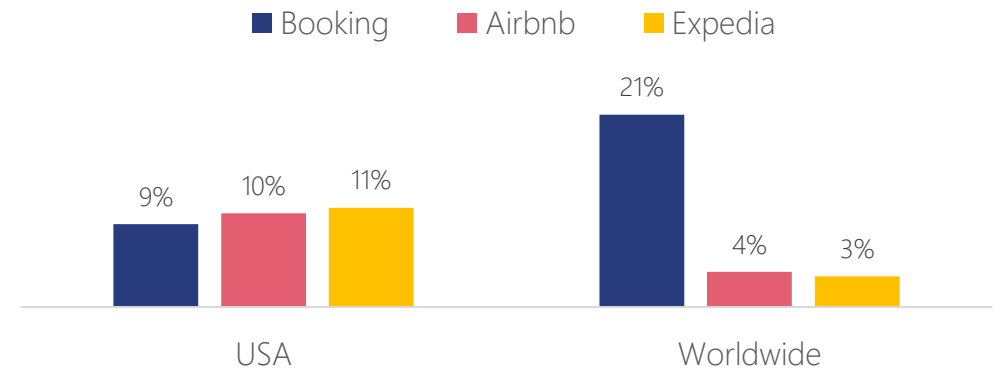
2. ...and was able to recover from the pandemic maintaining an 8% CAGR since 2018

Revenue breakdown [USD bn]



4. ...which results in a massive market share on the OTAs markets were Booking is dominant

Traffic market share [%]

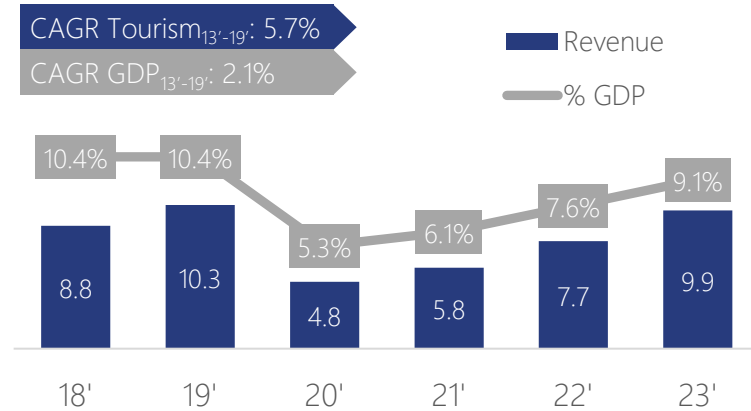


I. Travelling is back on track

After some complicated years, the travel industry is ready to retake development and growth

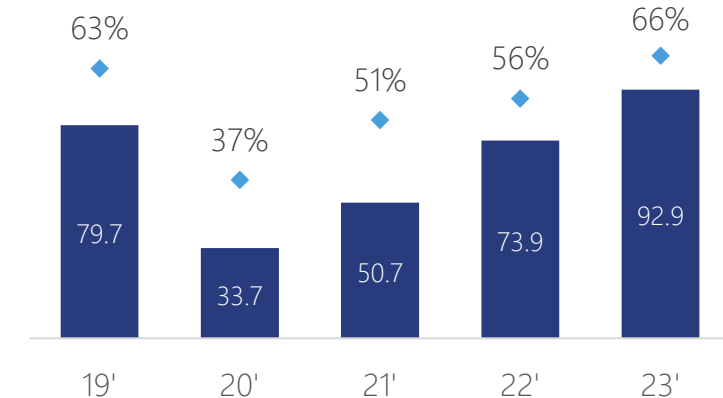
1. A relevant industry

Tourism GDP and relevance over total GDP [USD tn; %]



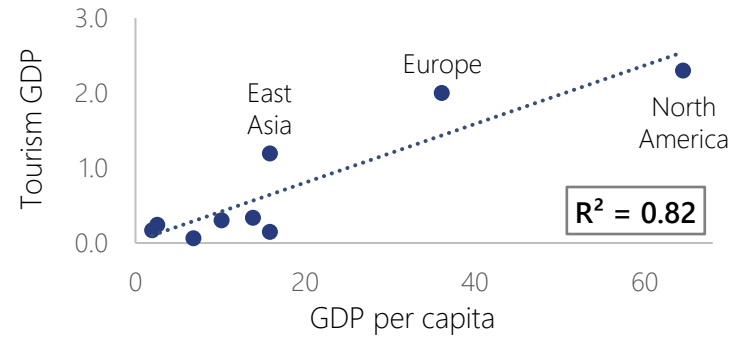
3. Already recovered from COVID-19

RevPAR and occupancy rate [USD; %]



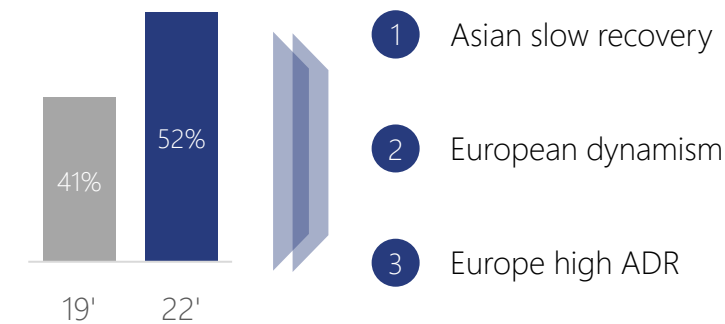
2. Sensible to crisis and disposable income

Correlation between GDP per capita [USD th] and tourism GDP per region [USD tn]



4. With positive dynamics in Europe

Europe's international tourism share [%]



5. But very competitive

Hotels and Alternative Accommodation



56% of world's room supply in the hands of branded hotels

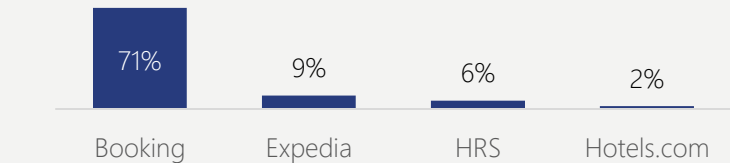
OTAs



Expedia leads in the US by a small margin, but Booking owns Europe

In the OTA segment, Booking is the king

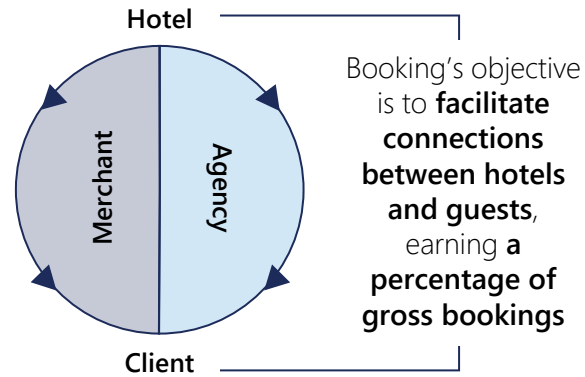
OTAs market share in Europe, [%]



I. A winning business model

A brief look at the company's financials

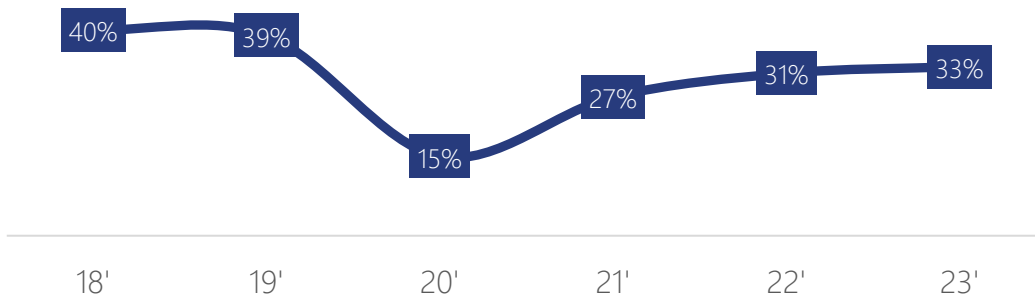
1. Simple and efficient business model, with low variable costs and an outstanding cash generation



- 1. Asset light business**
 Booking's website is the main asset, keeping a light structure
- 2. High marketing expenses**
 Marketing is essential to bring more traffic
- 3. Massive cash generation**
 Lean cost structure guarantee great margins and cash generation

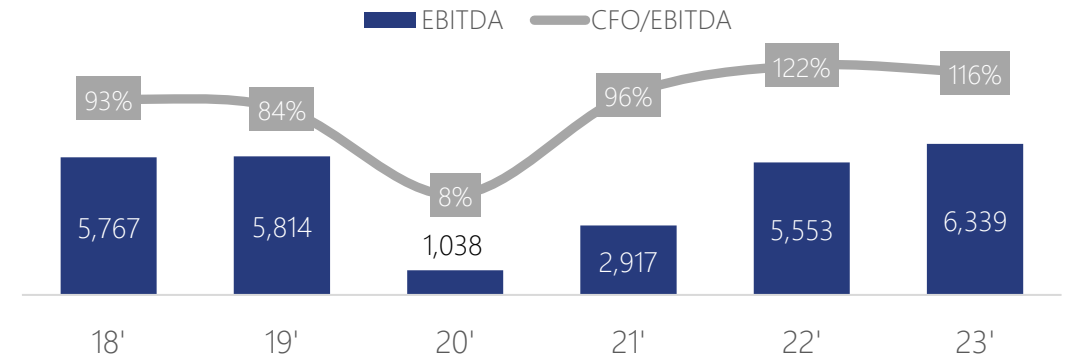
3. High-margin company maintaining profitability even amidst crisis

Adj. EBITDA Margin [%]



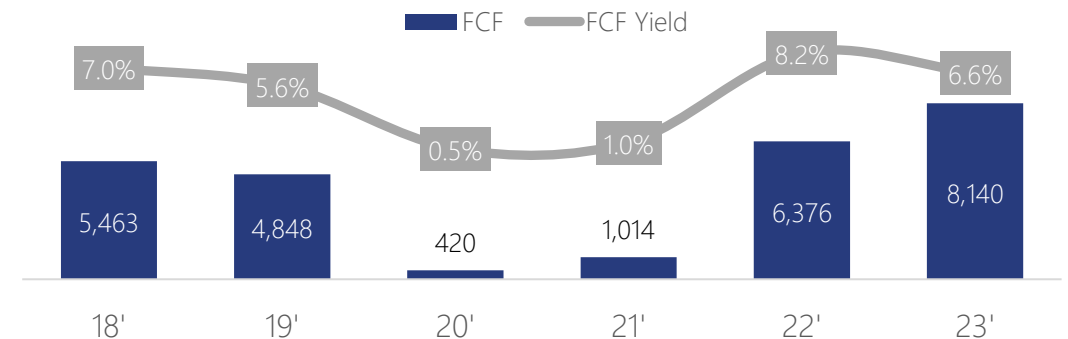
2. Excellent EBITDA conversion into cash flow, demonstrating the business's ability to generate cash

CFO/EBITDA and EBITDA [%; USD mn]



4. High FCF yield, affirming its capacity to generate an attractive cash flow despite its significant market cap

FCF yield and FCF [%; USD mn]

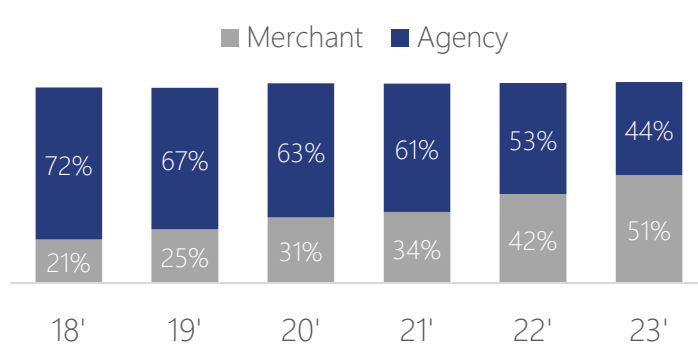


I. The financials beyond the business model

Looking at the company results and recent changes in its business model

1. Booking changed its main revenue stream, increasing the “pre-payment” line

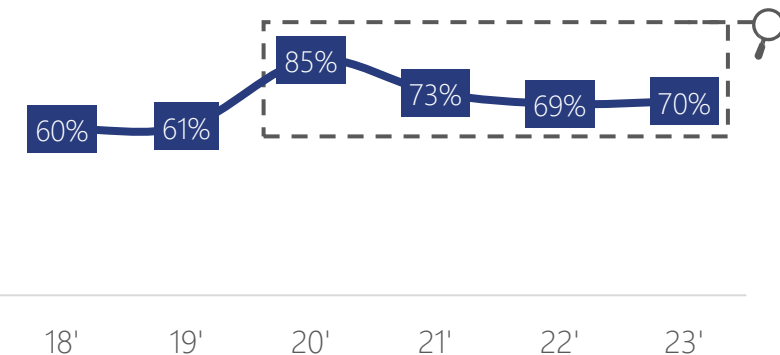
Booking revenue breakdown [%]



- 1 Improvement of cash flows and WC
- 2 Necessity to cross-sell and to use alternative payments
- 3 Better control over prices

3. Alternative payment methods have increased costs for the company

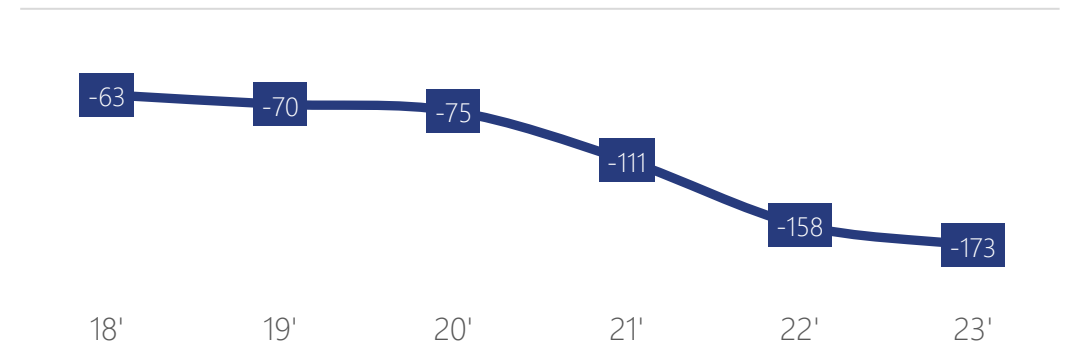
SG&A Margin [%]



Alternative payment methods lead to an increase in personnel and sales lines

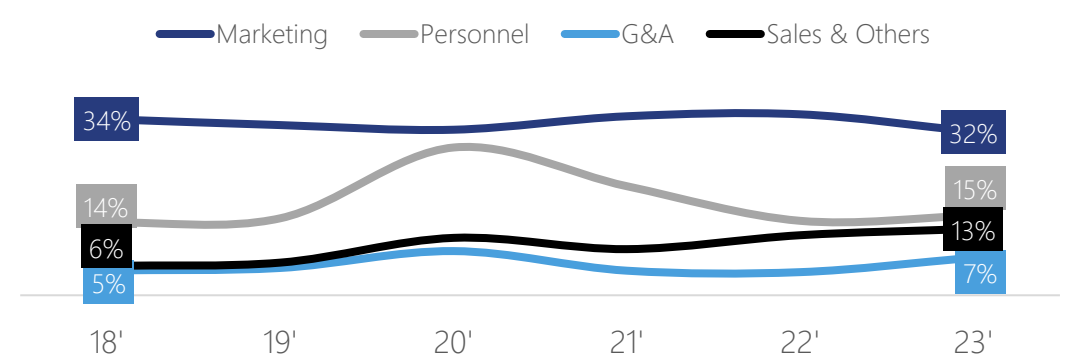
2. This resulted in a more efficient conversion cycle as the OTAs can receive faster

Cash Conversion Cycle [days]



4. Marketing expenses remain high for the company due to fierce competition

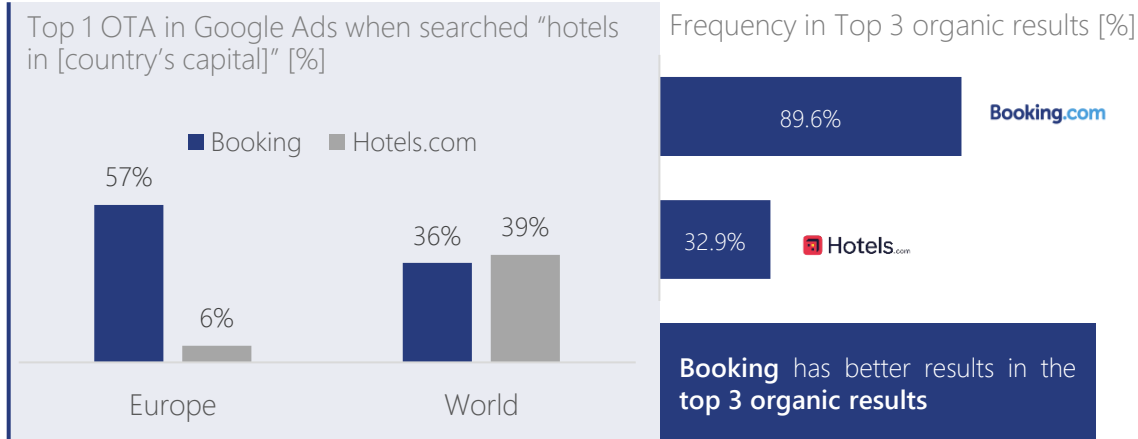
Expenses/net revenue breakdown [%]



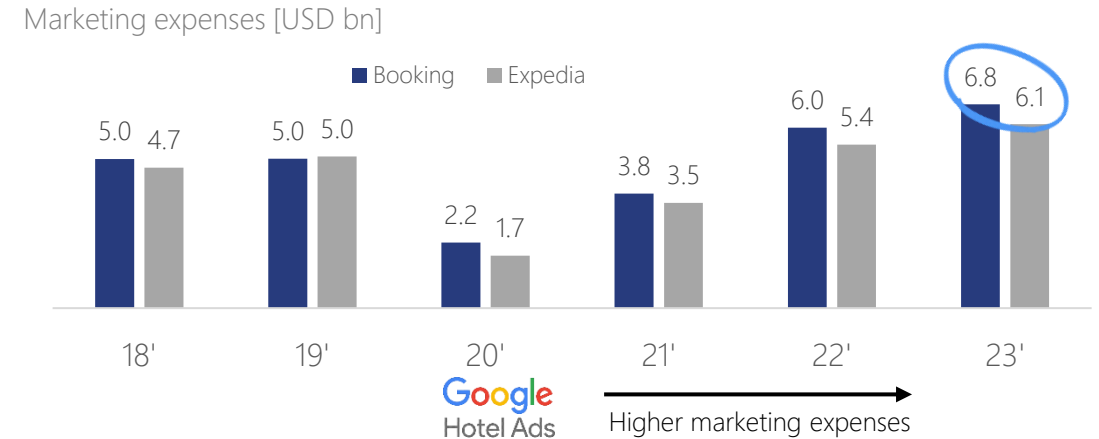
II. Marketing: spending more to take-off the company

The higher expense line in the company's business, marketing is the key factor to attracting customers

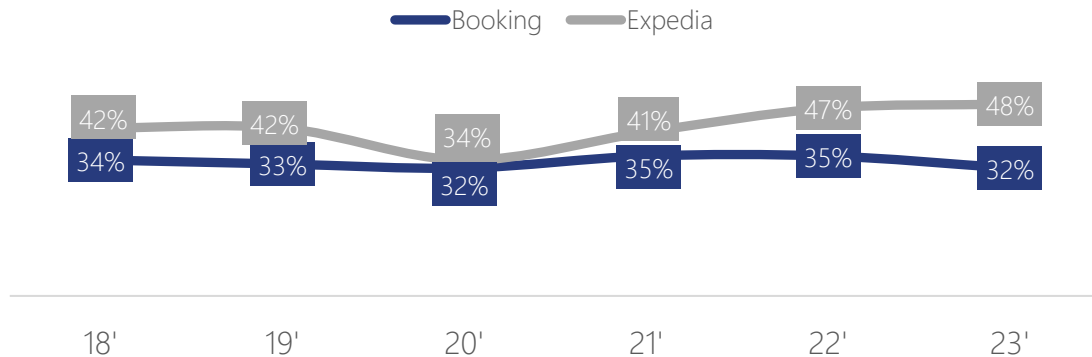
1. As most online searches pass through Google, Booking invests to appear more often



2. OTAs know that all marketing expenses will lead to an increase in the traffic

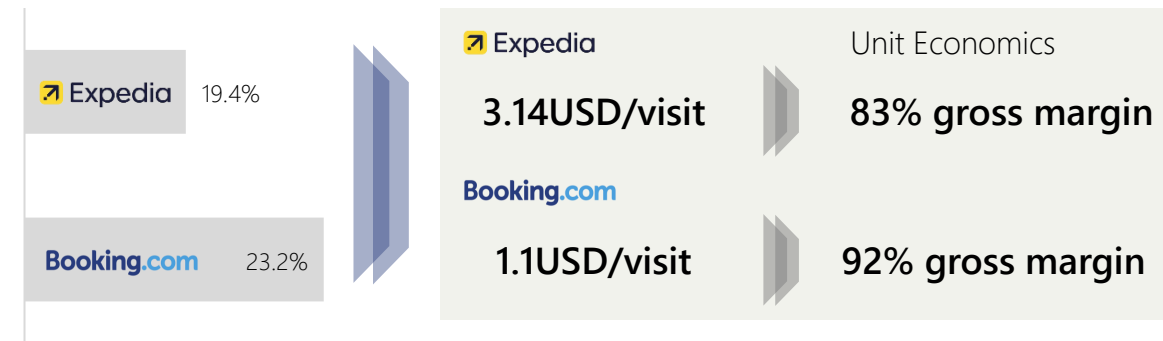


3. Expedia's expenses in marketing have grown since 2020 and reached almost 50% while Booking has maintained its costs
Marketing as percentage of revenue [%]



4. Despite the similarity, Expedia has more difficulty converting marketing into traffic. **But why?**

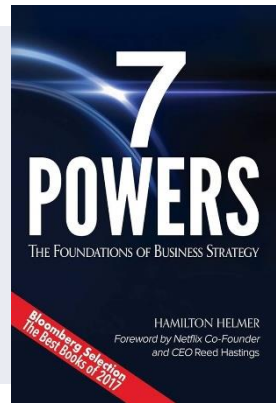
Paid traffic as percentage of total traffic [%]



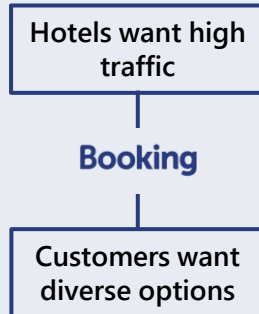
II. The ultimate moat: Network Economies

The company with the highest marketing efficiency and the best clients enjoy this massive advantage

1. Highest traffic + best conversion = network economies, an advantage where the winner takes all



“ **Network Economies:** the value of the service to each customer is enhanced as new customers join the network. In such a situation, **having the most customers is everything.** ”



2. We spoke to hotel managers and understood that it's impossible not to be listed on Booking

Visit happened on April 27th

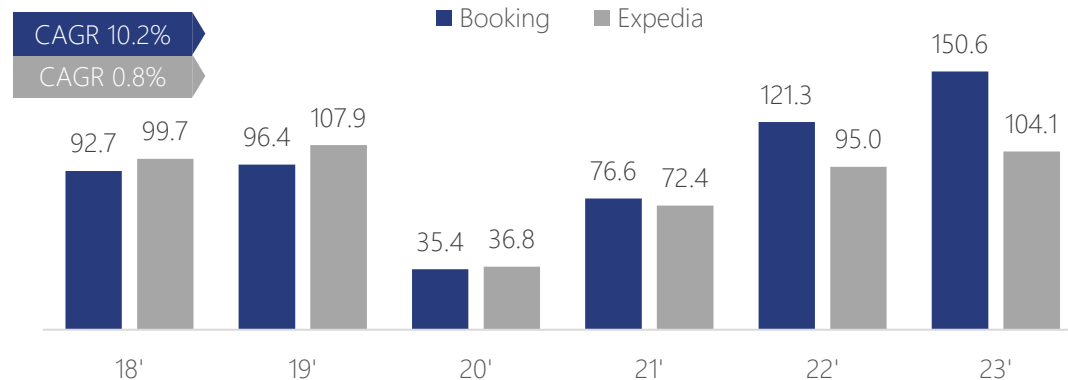


“ We **can't fight against Booking.** We rely on it for more reservations, so we don't have a choice but to become **Booking's partner.** Even loyalty programs are not as effective. ”

Giuliana Laganá,
General Manager at Qoya Hotel, São Paulo

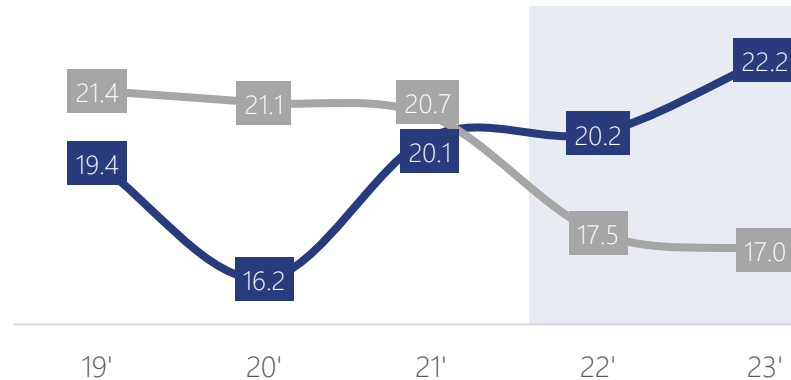
3. Booking experiences a faster growth in gross bookings, capturing marginal market share

Gross Bookings [USD bn]



4. That happened due to marketing efficiency, where every dollar spent on marketing generates \$22.2 in gross bookings

Gross Bookings/Marketing Expenses [USD/USD]



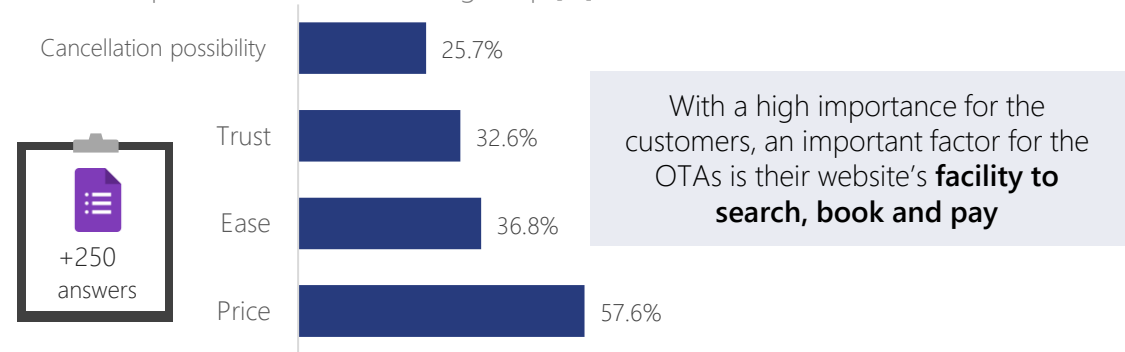
Booking gets better returns when investing in marketing. Since the **cost of new users decline with the leader position**

III. Booking's heart: tech background

Two of the most important factors in Booking history: tech innovations and A/B testing

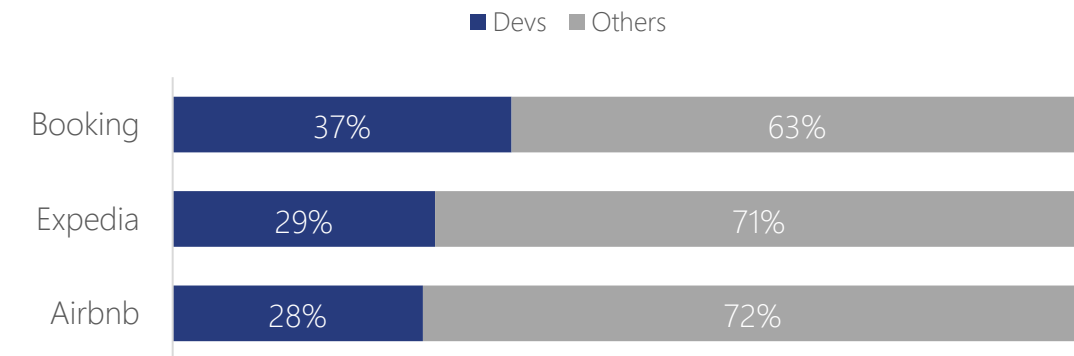
1. The ease of purchase is a significant factor for customers, creating the need of investments in the platform

Customers preferences when booking a trip [%]



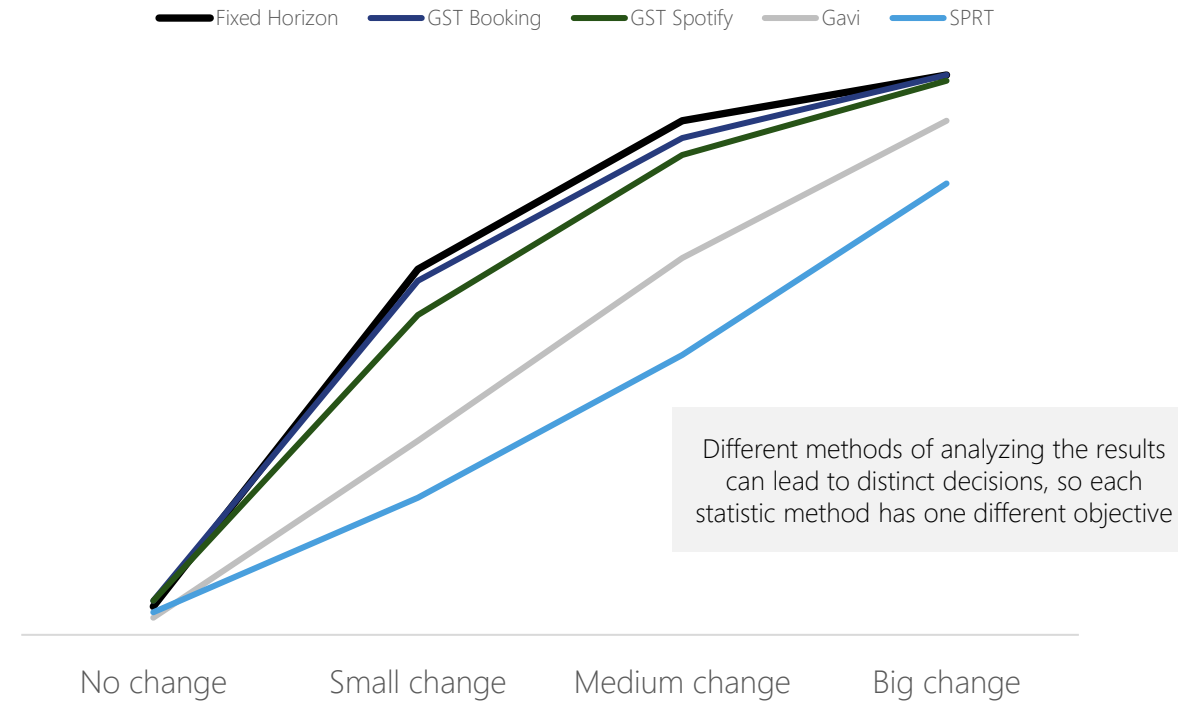
2. Booking has a higher number of developers since it is, after all, a tech company

Developers vs. others [%]



3. The model used by Booking is the most efficient in terms of accurately identifying true effects when they exist

Power of correctly seeing a positive effect [%]



More than using the A/B testing method, it's necessary to analyze the results efficiently, ensuring both **trustworthiness and speed**.

III. Management: boosting returns

The team wants not only to achieve great results for the company, but also give great returns to shareholders

1. Glenn Fogel is a CEO focused on maximizing returns and has proven successful so far



Glenn Fogel – CEO
24y experience at Booking

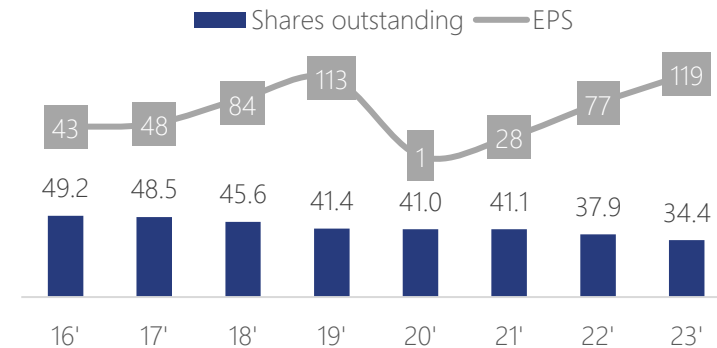
Net Income CAGR¹	Stock Performance¹	Performance Compensation
10.8%	157%	75%

Deals that Glenn participated in Corporate Development



2. The company instituted an aggressive repurchase program in order to enhance shareholder returns, resulting in increased EPS

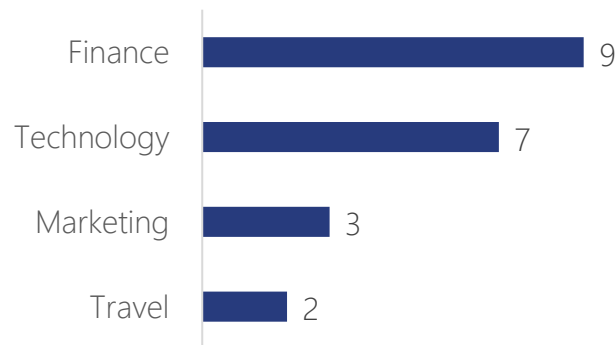
Shares outstanding and EPS [# mn; USD]



But why not dividends?
The repurchase is more profitable to shareholders. From 2019 to 2023, **the investment IRR would be 2.7p.p. lower** if dividends were distributed

3. An aligned board is indispensable for maintaining the company's position as the leading OTA

Board members with knowledge in these areas [#]



Board's compensation performance-based **76%**

Average time on Booking's board (Years) **5.8**

4. The management alignment is based on some clear metrics that were achieved in the last years

Short Term Incentives		Long Term Incentives
Revenue growth 2023 vs 2022	EBITDA growth 2023 vs 2022	Performance Share Units
Target: 10% Actual: 22%	Target: 17% Actual: 36%	Lower: none Max: 2x target

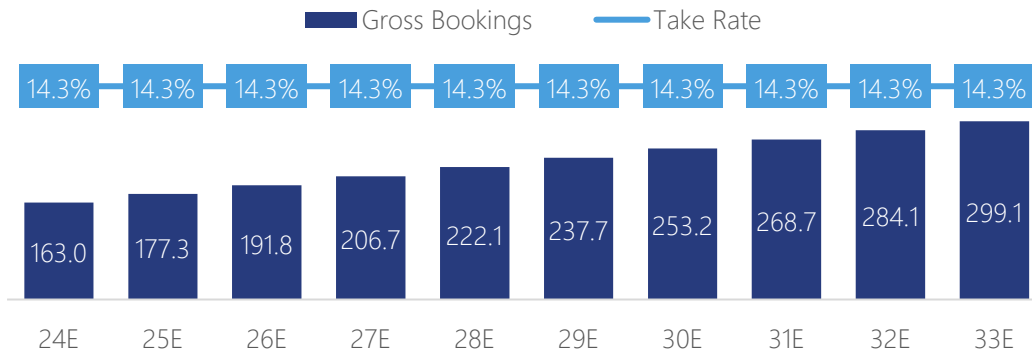
¹Since 2017, when Glenn became CEO

Valuation: Main assumptions

The main projections in our DCF model

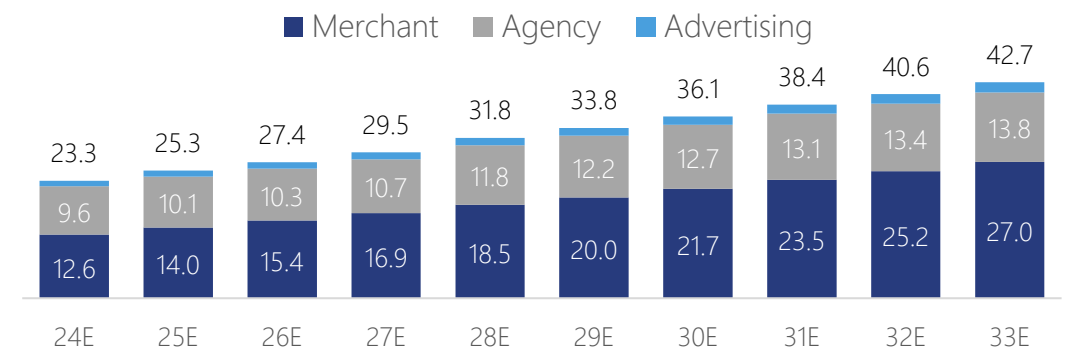
1. We see a 7.1% 10 year CAGR on gross bookings, with a take rate similar to historical data

Gross Bookings and Take Rate [USD bn; %]



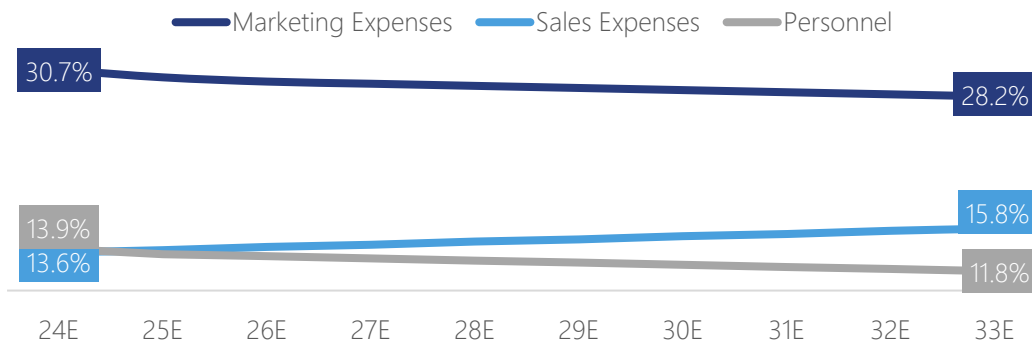
2. Revenue with the same CAGR, but merchant revenues reach 63% of total revenue in 2033

Revenue Breakdown [USD bn]



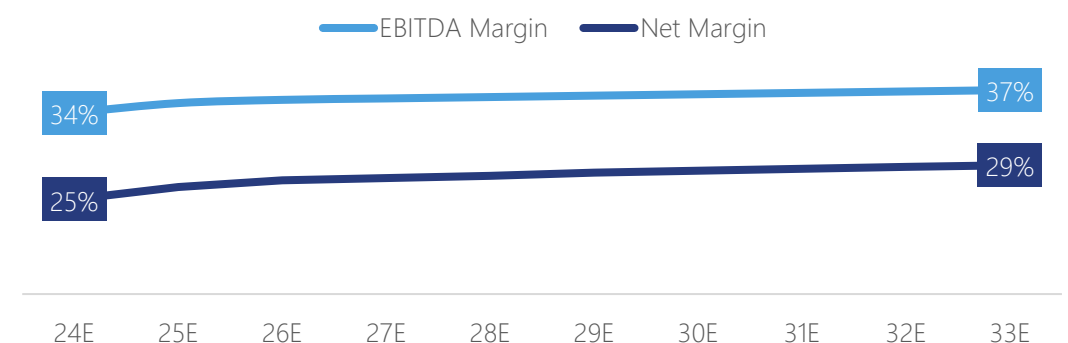
3. Merchant revenue grows, sales expenses increase, once this expense is higher for pre-paid services

Expenses as % of Net Revenue [%]



4. Margin expansion, a trend that could get even more aggressive if we were less conservative

Margins [%]

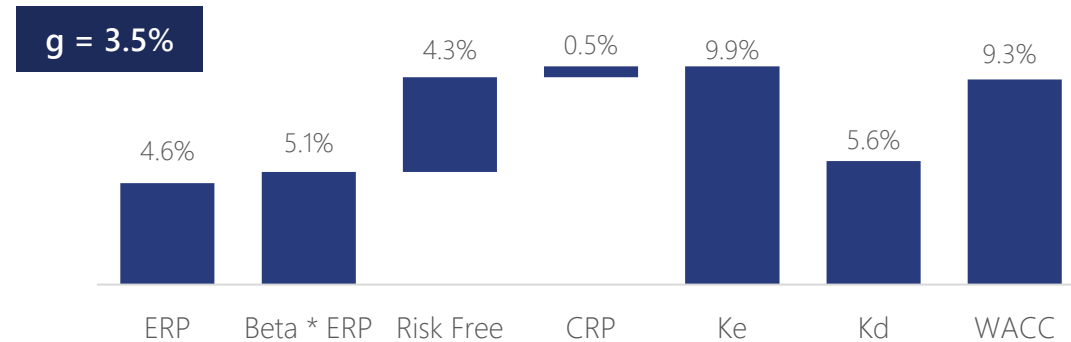


Zooming in the DCF

The path that justifies a 4,440 USD target price

1. We estimated our WACC, resulting in a 9.3% cost of capital

WACC Breakdown [%]



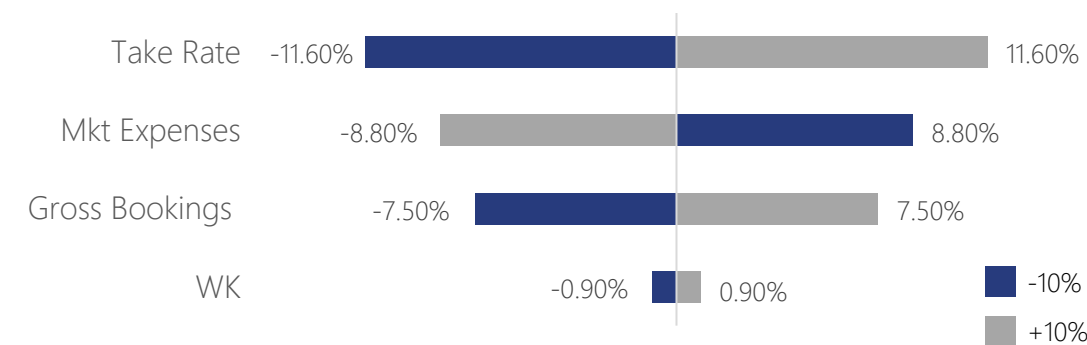
2. We also made a sensitivity analysis where we stressed WACC and perpetuity g

WACC vs g Sensitivity Analysis [downside/upside; %]

		WACC					
		17.0%	10.8%	10.1%	9.3%	8.6%	7.8%
g	2.0%	2.0%	-17.5%	-9.0%	1.3%	14.0%	30.1%
	2.8%	2.8%	-13.3%	-3.7%	8.3%	23.3%	42.9%
	3.5%	3.5%	-8.3%	2.9%	17.0%	35.3%	60.1%
	4.3%	4.3%	-2.2%	11.1%	28.3%	51.5%	84.6%
	5.0%	5.0%	5.5%	21.7%	43.5%	74.5%	122.1%

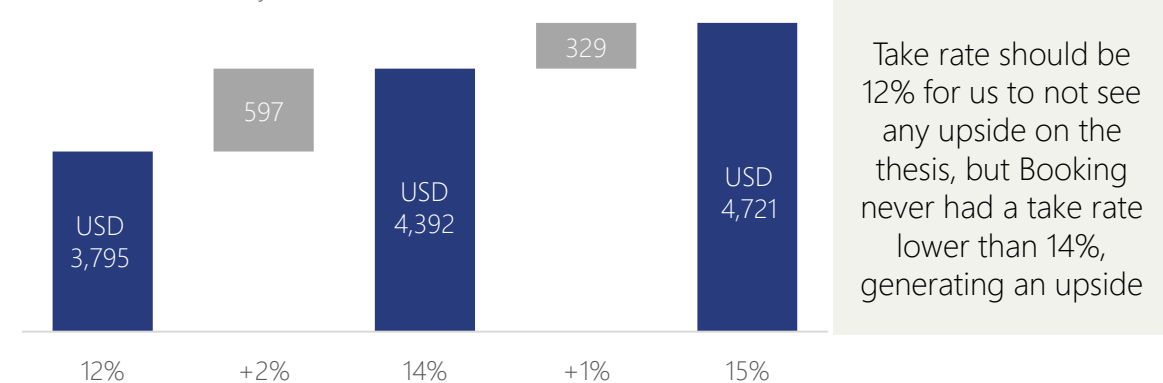
3. We made a Tornado Analysis to discern which variables have the most impact in our model...

Tornado Analysis [%]



4. ...and we analyzed the variable with the highest impact in the target price: the take rate

Take Rate variation analysis [USD]

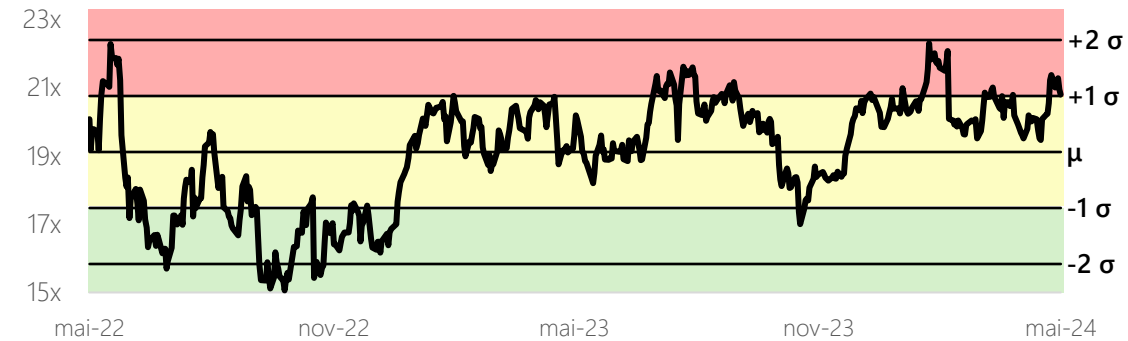


Multiples: High IRR related to the investment

We see a 16.5% IRR considering a 20x exit multiple and sensibility proving the BUY

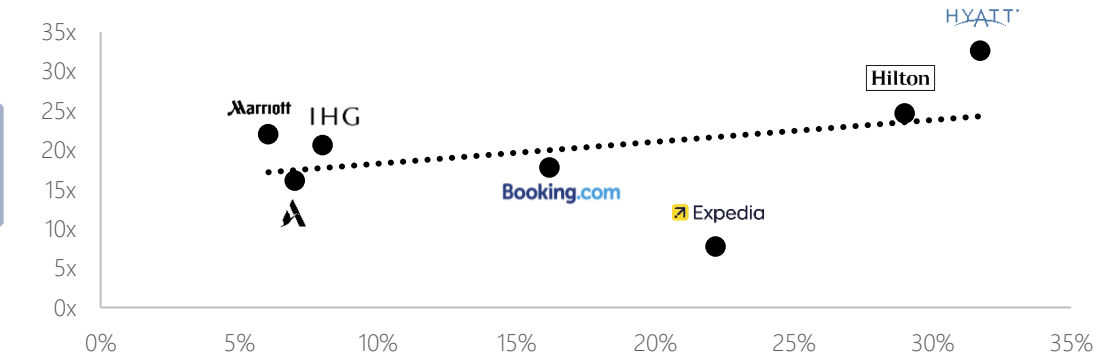
1. Booking is trading on high multiples compared to average of the last years...

P/E fwd 1Y Historic [x]



2. ...but with a multiple adjusted to its EPS CAGR

P/E 1Y fwd vs. EPS CAGR



3. Using a 20x exit multiple in 5y, it would result in a 16.5% IRR

IRR with exit P/E fwd [%]

	24'	25'	26'	27'	28'	
Transaction	-3,795	0	0	0	6,655	16.5% 5y IRR IRR-Ke=6.6%
Dividends per share	35	37	83	108	134	
Tax rate	30%	30%	30%	30%	30%	20x Exit P/E in 2028
Cash flow	-3,771	26	58	75	6,749	

4. With the Buy thesis confirmed by the higher amount of Buy scenarios in the sensitivity analysis

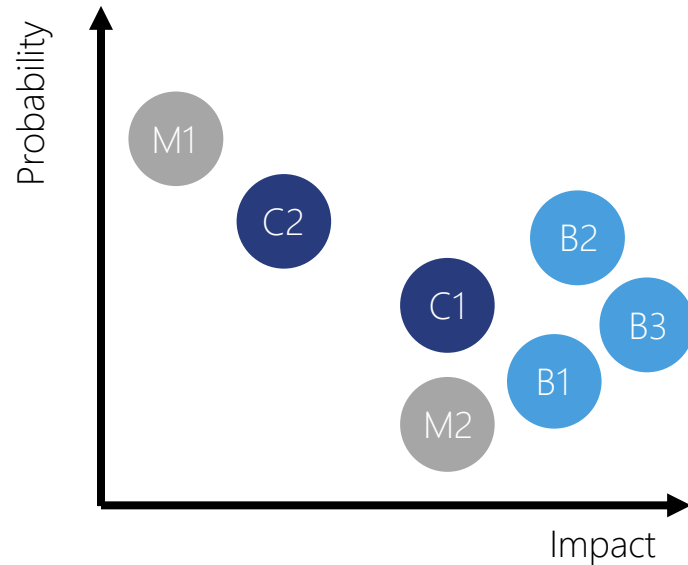
Exit multiple vs. revenue CAGR sensitivity analysis [downside/upside; %]

		Exit P/E fwd 1y				
		14x	17x	20x	23x	26x
Revenue CAGR	16.5%	7.1%	11.0%	14.5%	17.8%	20.8%
	6.3%	8.0%	11.9%	15.5%	18.8%	21.9%
	7.1%	8.9%	12.9%	16.5%	19.8%	22.9%
	7.8%	9.9%	13.8%	17.5%	20.8%	23.9%
	8.6%	10.8%	14.8%	18.5%	21.8%	25.0%

Risks and different scenarios

We raised our main concerns about the company and stressed different scenarios

1. We have highlighted the main risks for our thesis...



Competitive risks

- C1 – Google’s increased focus in the hospitality sector
- C2 – The growing market share of big hotels brands over the world

Business risks

- B1 – Inefficient investments in marketing
- B2 – Forced entry in the US with difficult to gain market share
- B3 – No connection with the new CFO

Macroeconomics risks

- M1 – Economic crisis over the world
- M2 – Tourism crisis in certain regions where Booking has higher market share

2. We see **clear competitive advantages**, but there are **caution points related potential wrong decision-making, especially in marketing** and a possible misstep in entering the US market

3. ...and we also reached a valuation for bull, base and bear cases

	Bear	Base	Bull
Gross Bookings CAGR	6.1%	7.1%	8.1%
Take Rate	13.3%	14.3%	15.3%
Mkt Expenses CAGR	6.9%	5.9%	4.9%
EBITDA 24E [mn USD]	6,568	7,986	9,079
IRR	6.8%	16.5%	22.1%

Case in a nutshell

Summarizing our Booking Holdings' BUY thesis

Current Price

USD 3,795

BUY

17.0% Upside

Target Price

USD 4,440

The best OTA

We see Booking as the leading OTA in the market, benefiting significantly from its network effects. The company's business model is highly cash-generative, resulting in strong margins and profitability. This is why we believe Booking will continue to expand its market share over the years and solidify its dominance in this winner-takes-all sector.

Marketing business

The marketing game in the OTA sector is absolutely dominated by Booking. With better traffic, conversion rates, and marketing cost dilution, Booking is ahead of its peers in almost every country. However, regarding the US, the company must be cautious with its expansion as the market presents a different scenario with hotels. An incorrect approach in the American market is the major risk to our thesis.

Right people guiding the company

Booking's CEO, Glenn Fogel, has already proven his capability in leading the company over the past years. The new challenge will be forming a strong connection with the new CFO, Ewout Steenberg. The company's board is complete with independent members from diverse and complementary areas. We see Booking with an aligned management and board, supported by an excellent tech structure and team.

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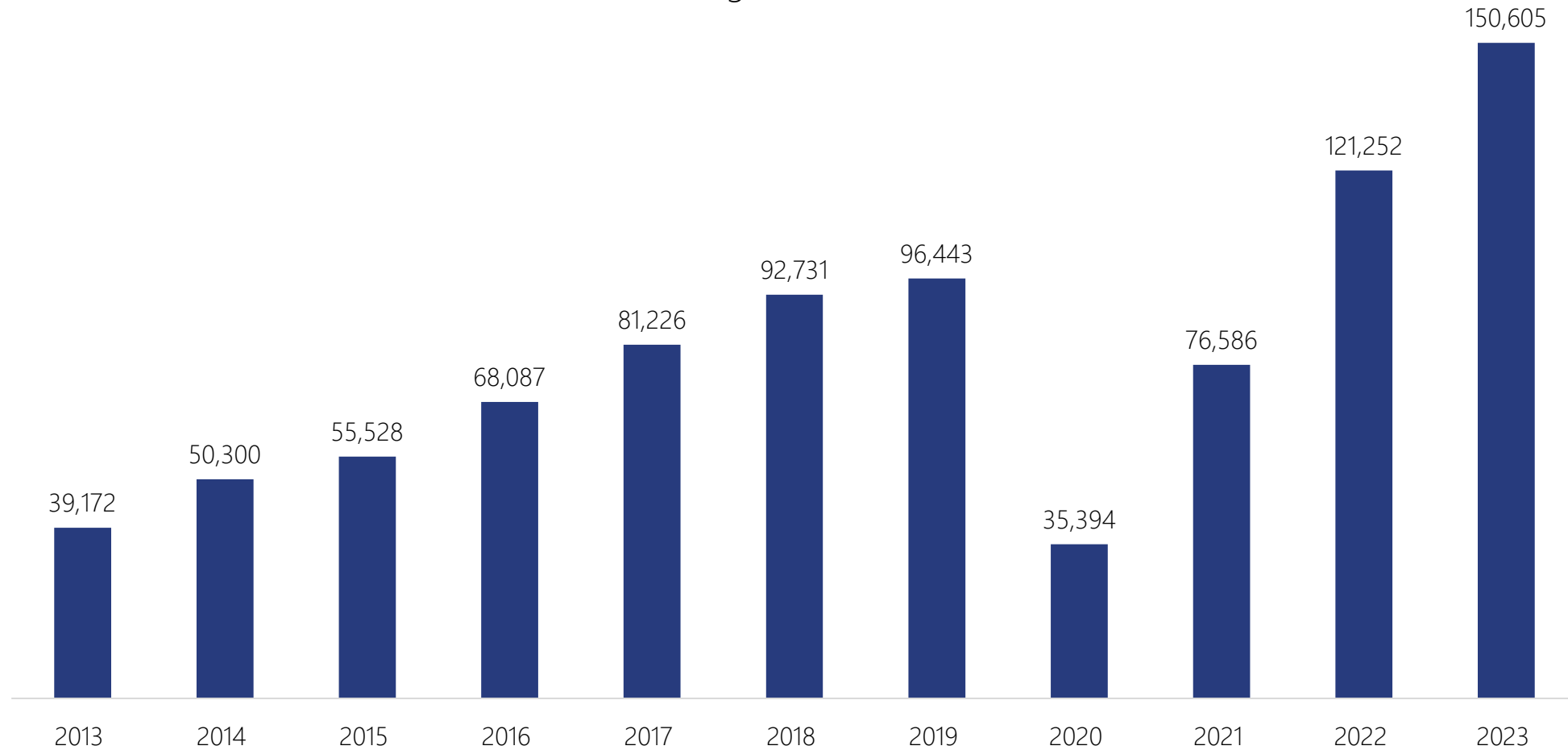
[Base Case vs Historical](#)

Past Presentation

[Dux Capital – Phase I](#)

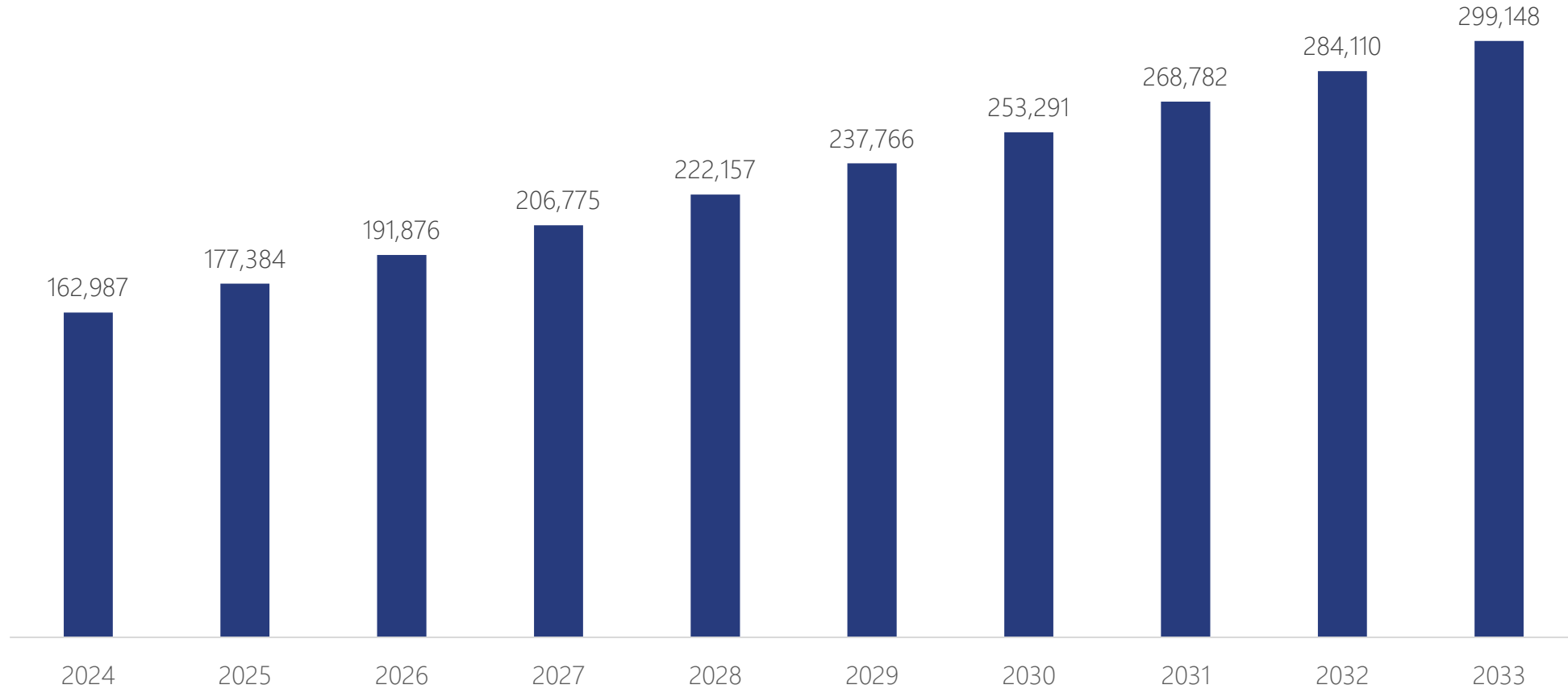
Gross Bookings Evolution

Gross Bookings Evolution [USD mn]



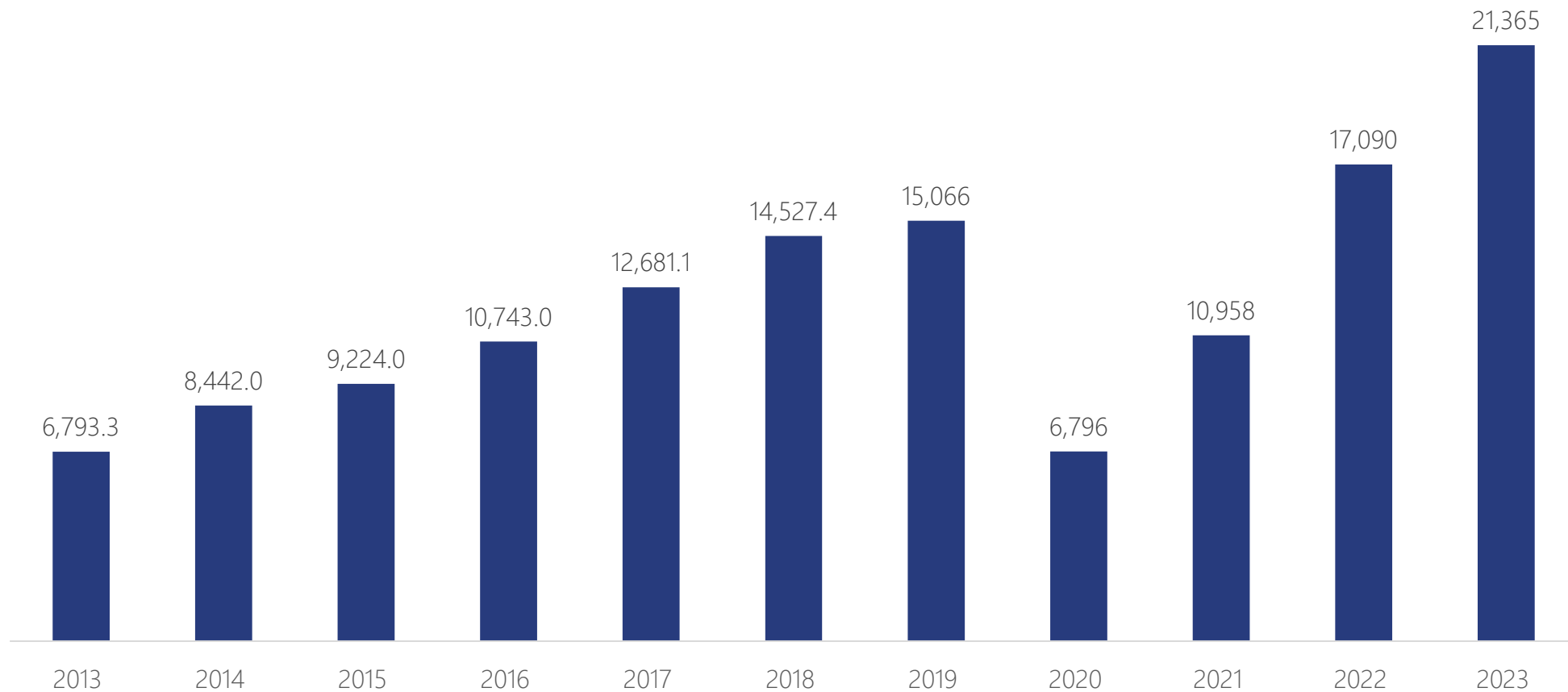
Gross Bookings Projection

Gross Bookings Projection [USD mn]



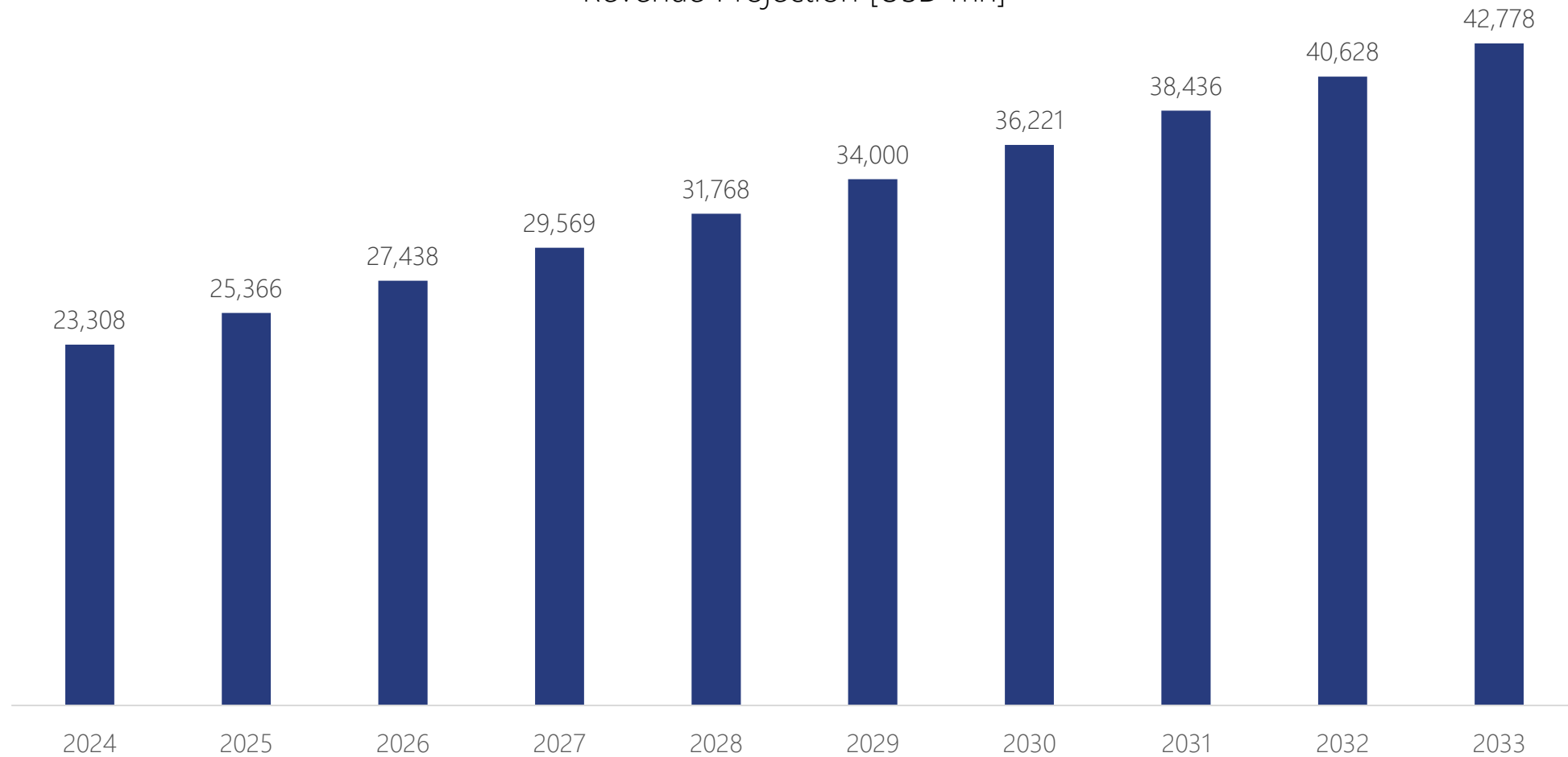
Revenue Evolution

Revenue Evolution [USD mn]



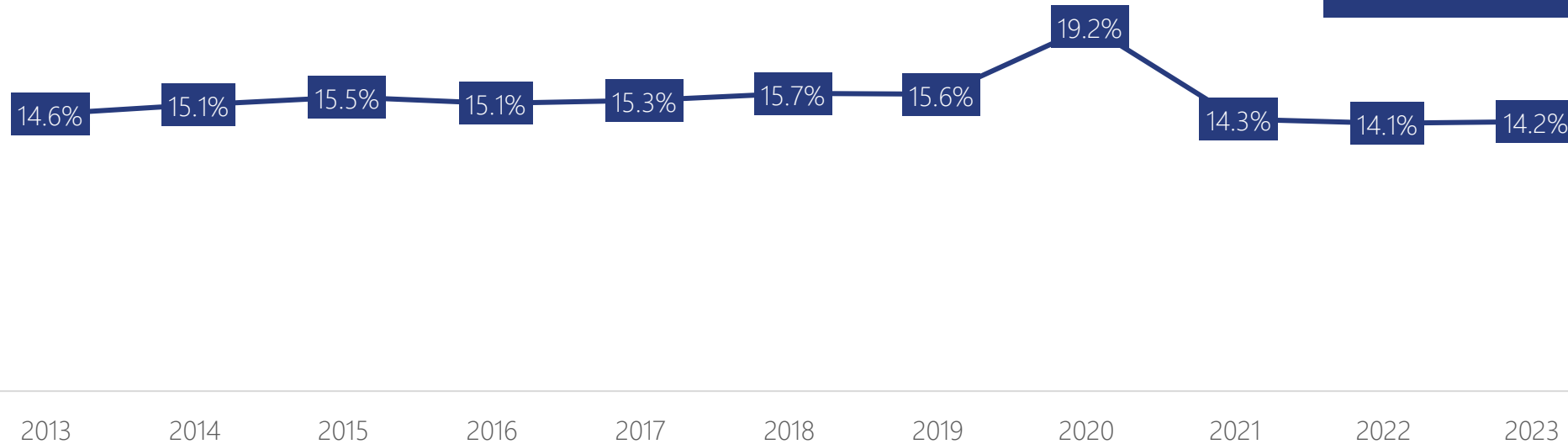
Revenue Projection

Revenue Projection [USD mn]



Take Rate Evolution

Take Rate Evolution [%]



In our valuation, we assumed a **14.3% take rate**



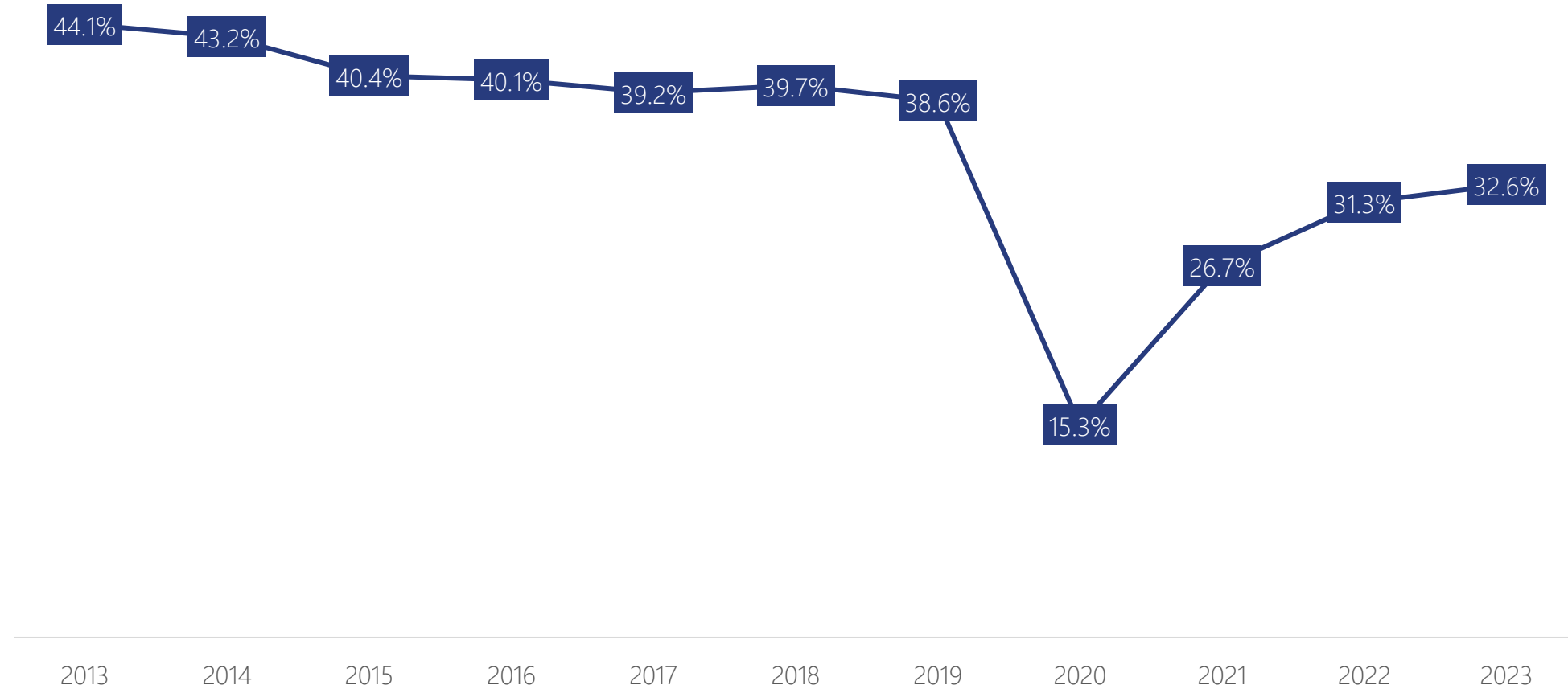
Conference Call (4Q22)

But **we don't expect major changes in the take rate levels from where we are right now. You shouldn't be modeling big changes in to take rates** because we have some things helping and we have some things kind of hurting, and they're generally going to offset each other broadly speaking at this point in time.



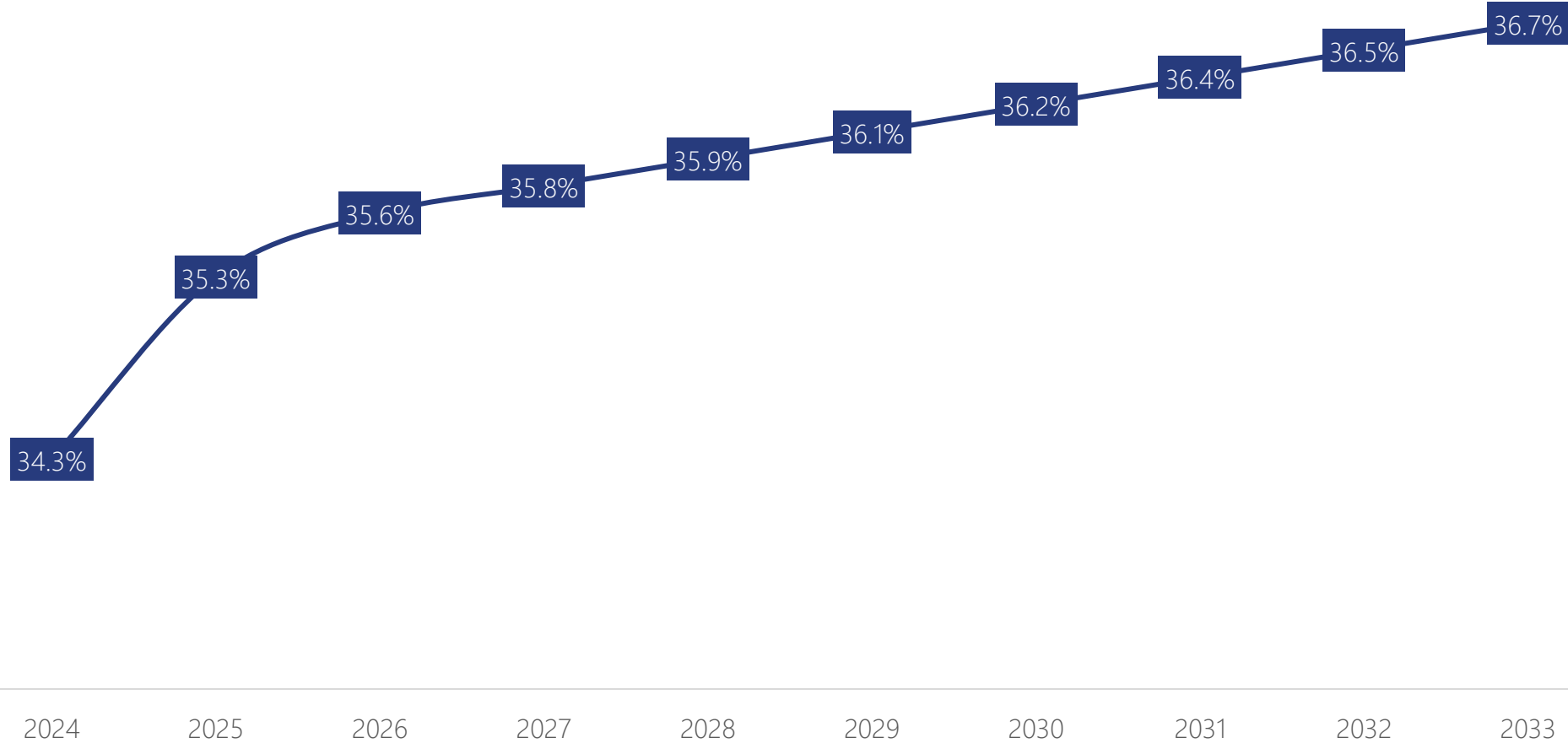
Adj. EBITDA Margin Evolution

Adj EBITDA Margin Evolution [%]



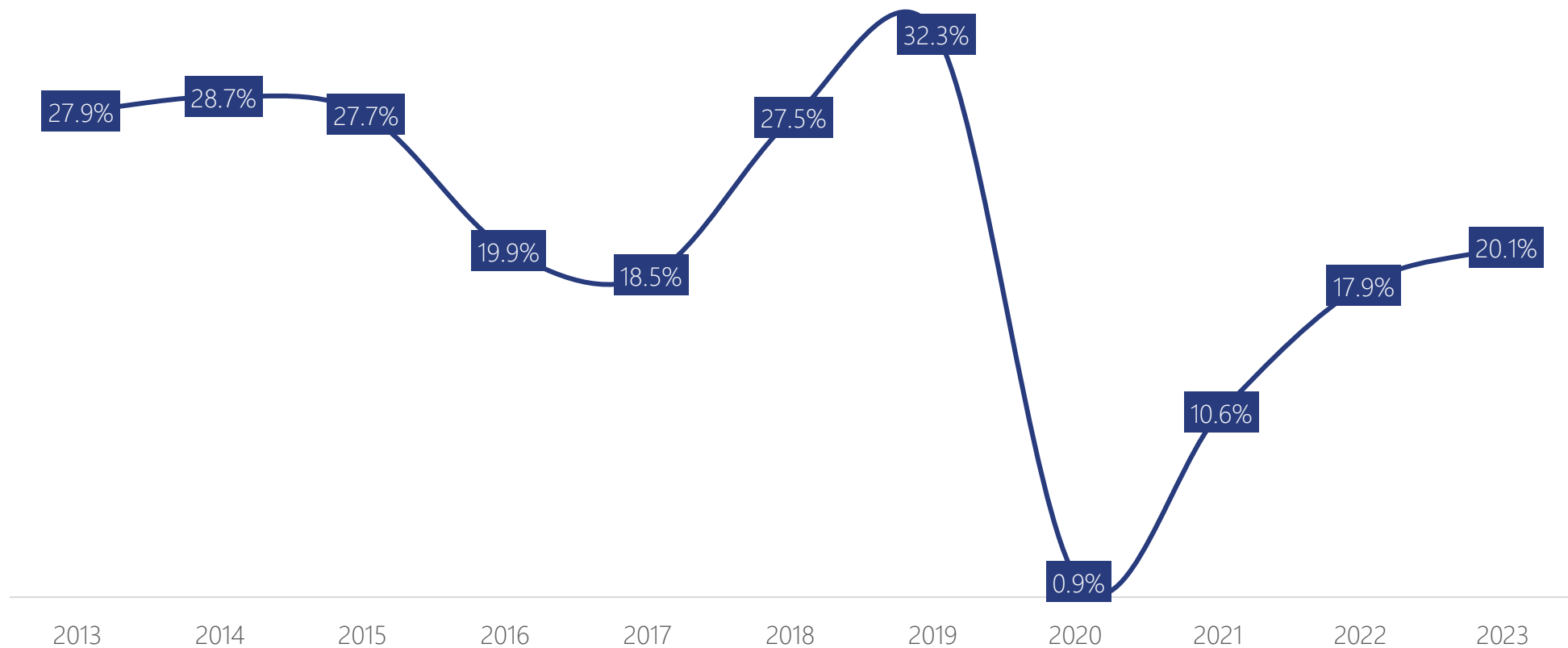
EBITDA Margin Projection

EBITDA Margin Projection [%]

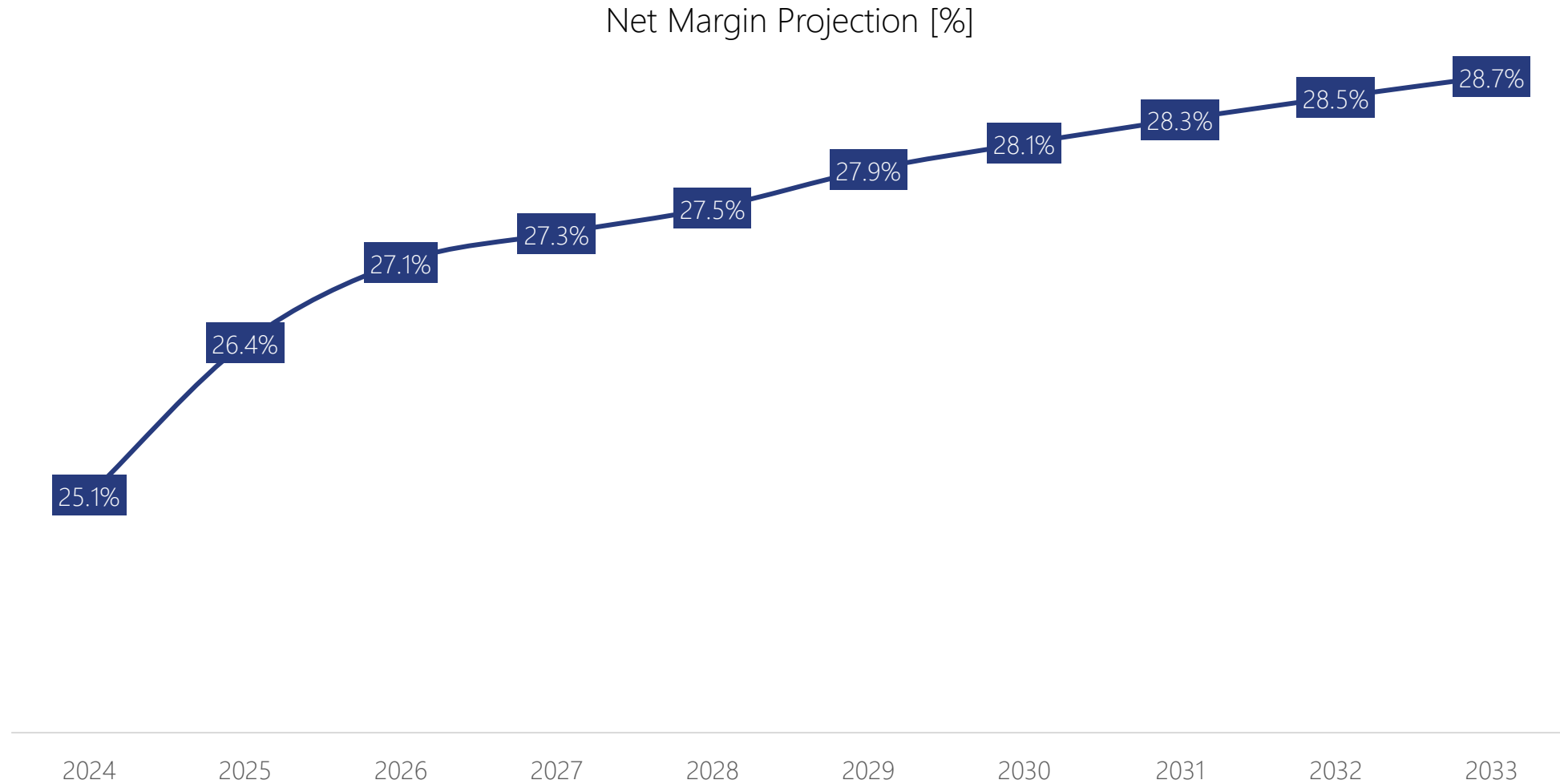


Net Margin Evolution (GAAP)

Net Margin Evolution [%]

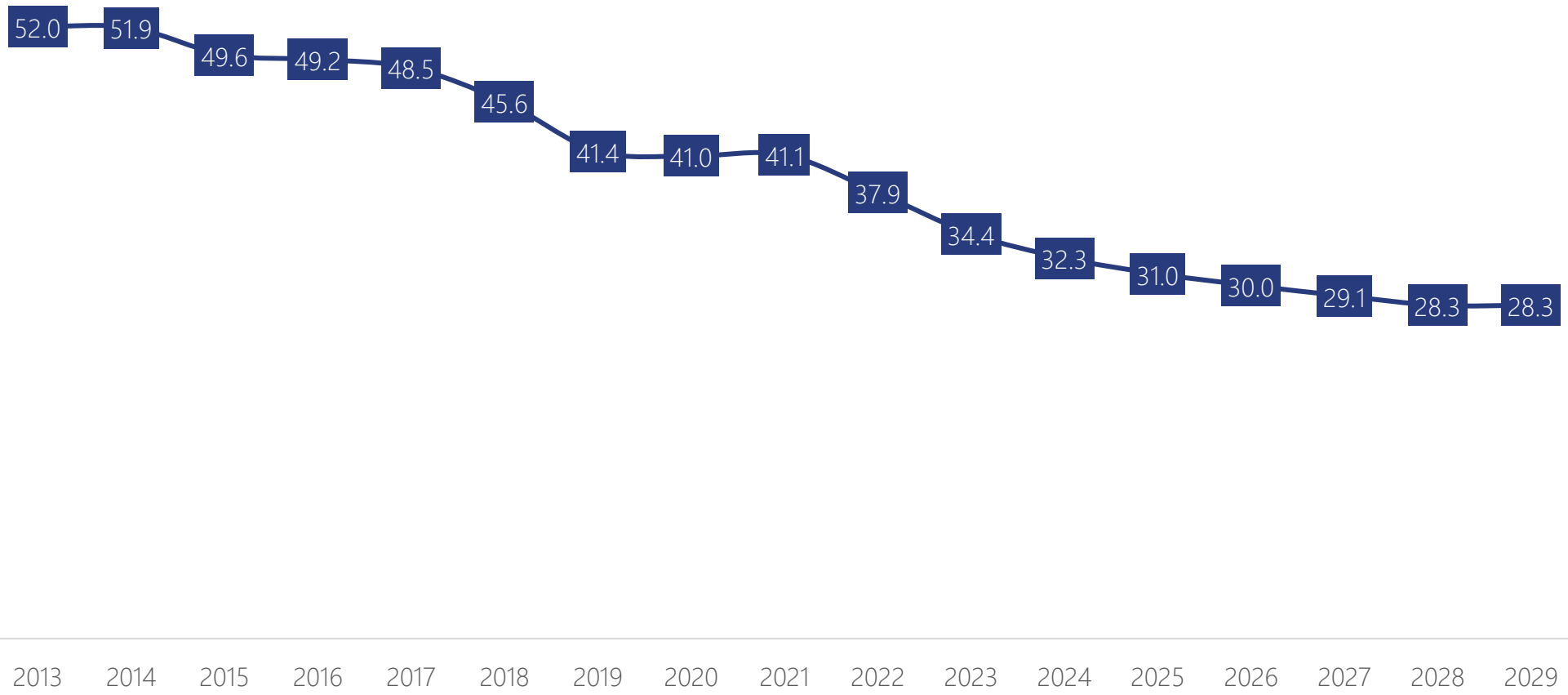


Net Margin Projection



Shares Outstanding

Shares Outstanding [mn]

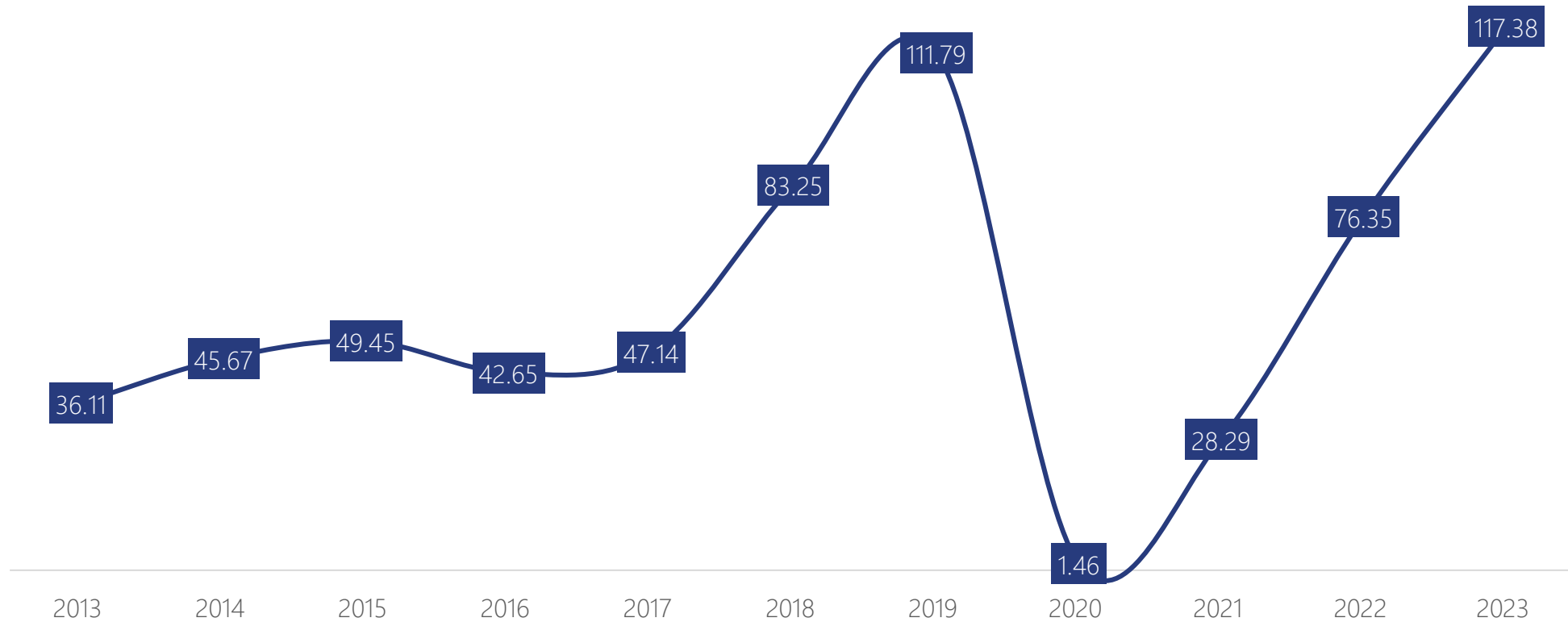


Number of Shares Outstanding

Number of shares	2024	2025	2026	2027	2028	2029
Shares outstanding BoP	33.9	32.4	31.1	30.1	29.3	28.5
Change in Shares [# mn]	1.5	1.3	1.0	0.9	0.8	0.0
Shares outstanding EoP	32.4	31.1	30.1	29.3	28.5	28.5
Market Cap EoP	133,796	148,558	161,570	174,997	189,524	203,555
P/E	20	20	20	20	20	20
Price per share	3,947	4,588	5,200	5,812	6,479	7,148
Shares repurchase [USD mn]	6000	6000	5000	5000	5000	

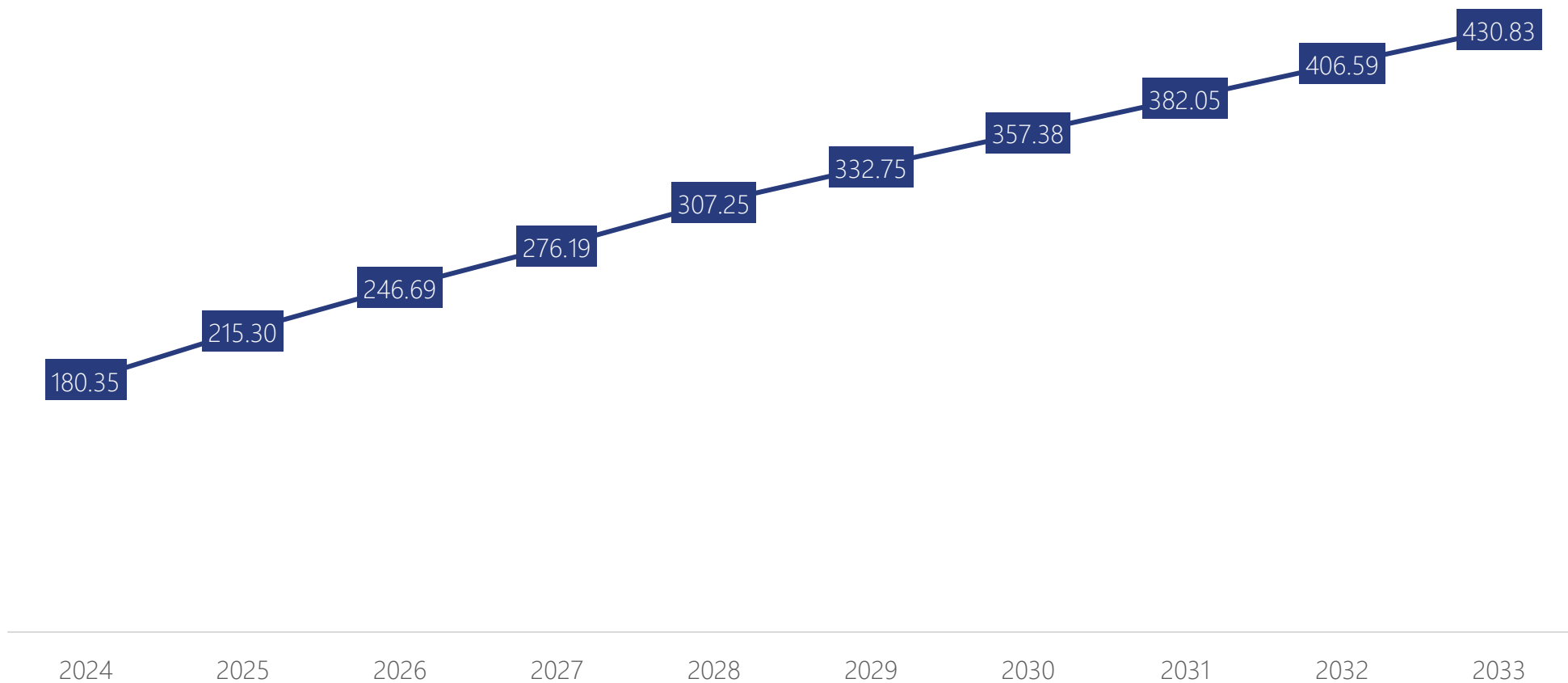
EPS Evolution

EPS Evolution [USD]



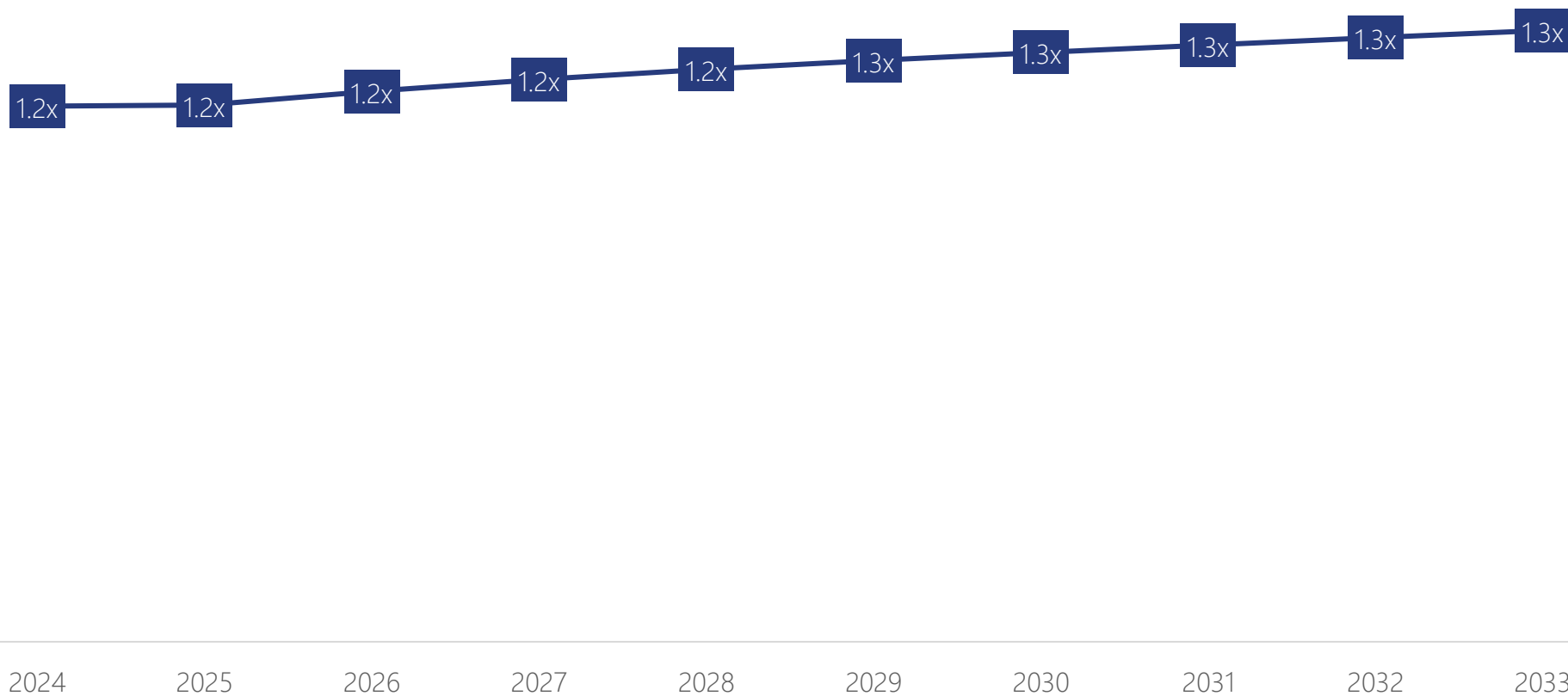
EPS Projection

EPS Projection [USD]



Quick Ratio Projection

Quick Ratio Projection [x]



Booking Historical Multiple

Booking historical P/E FWD 1Y

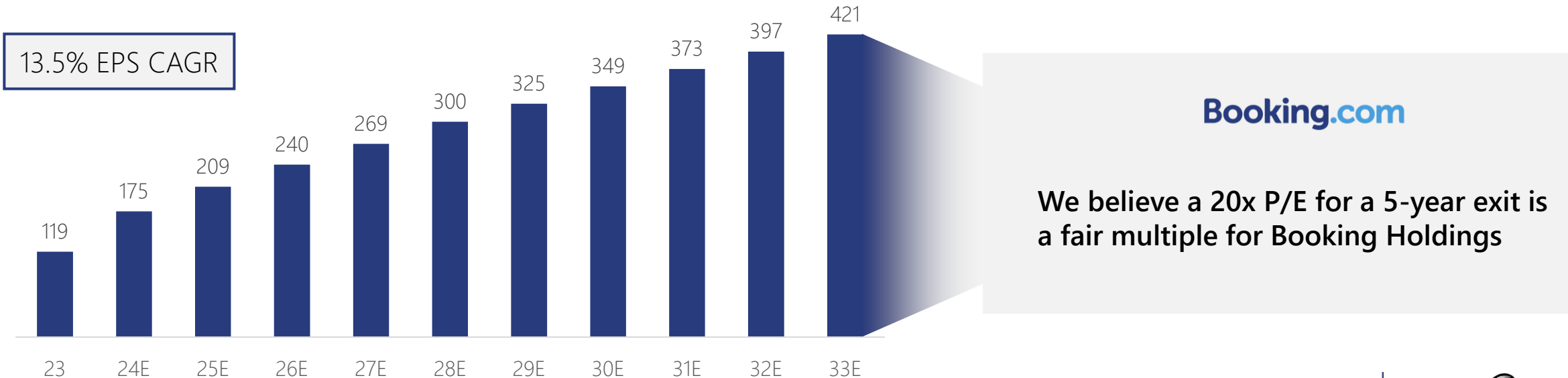
Average 20.8	Median 20.2	Std Dev. 3.2	Last 22.6
------------------------	-----------------------	------------------------	---------------------



Multiples: rational

	Marriott	Hilton	IHG	HYATT®		 Expedia
P/E fwd 1y	24.9x	28.7x	23.5x	41.4x	16.1x	9.7x

Despite the comp table, we see BKNQ increasing its EPS with a high CAGR, increasing the fair multiple for the company
Earnings per share [USD]



Multiples: Justifying our P/E

To be more confident about our exit P/E, we made a sanity check, so we calculated the implied multiple from our model

Implied P/E calculation

Free Cash Flow to Firm	2029	2030	2031	2032	2033	Perpetuity
(=) EBIT	11,654	12,489	13,325	14,156	14,977	
(-) Tax rate	-20%	-20%	-20%	-20%	-20%	
(=) Nopat	9,325	9,993	10,662	11,327	11,983	
(+) D&A	606	625	648	675	703	
(-) ΔWC	802	825	835	838	835	
(-) Capex	(601)	(640)	(679)	(717)	(755)	
(=) FCFF	10,132	10,803	11,466	12,123	12,767	226,969

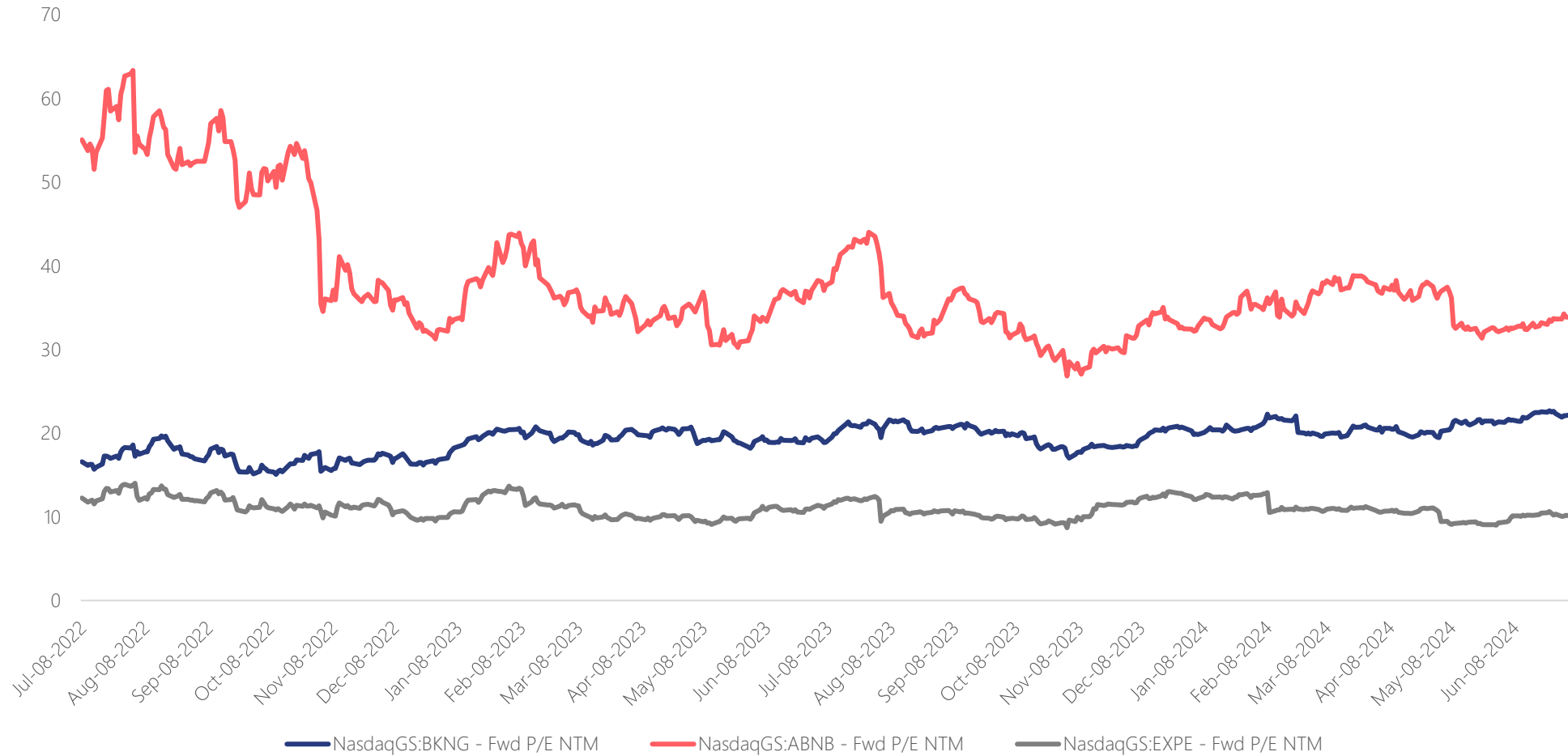
Enterprise Value	189,103
Net debt	823
Equity Value	188,280
Net income 29'	9,476
Implied P/E	19.9

Cash for periods	10,132	10,803	11,466	12,123	239,736
Periods	1	2	3	4	5
NVP	9,268	9,039	8,776	8,488	153,532

g
3.5%

WACC
9.3%

P/E FWD Comparison



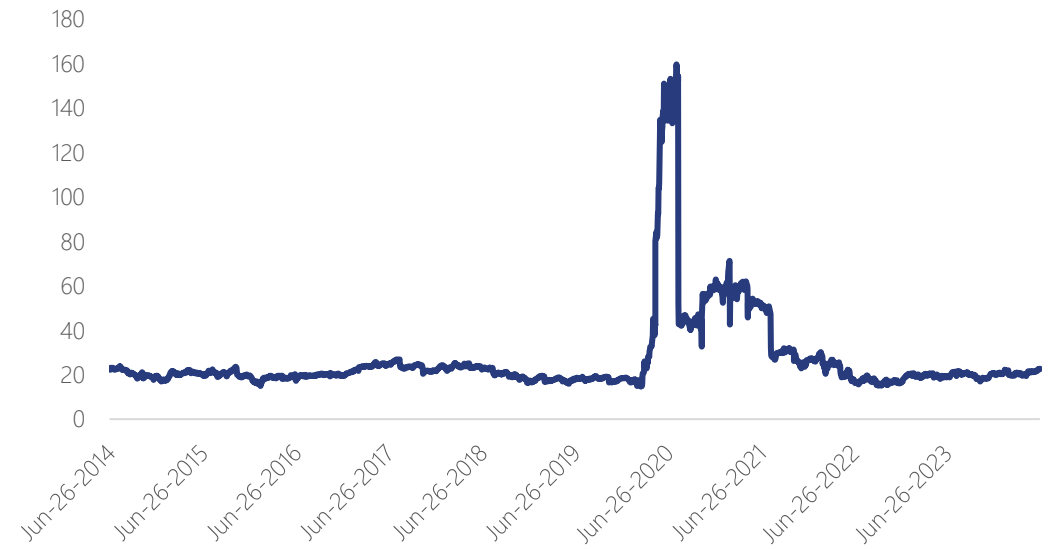
Booking Historical Multiple

Booking historical P/E



Average	Median	DesvP	Last
28.9	27.1	7.3	29.8

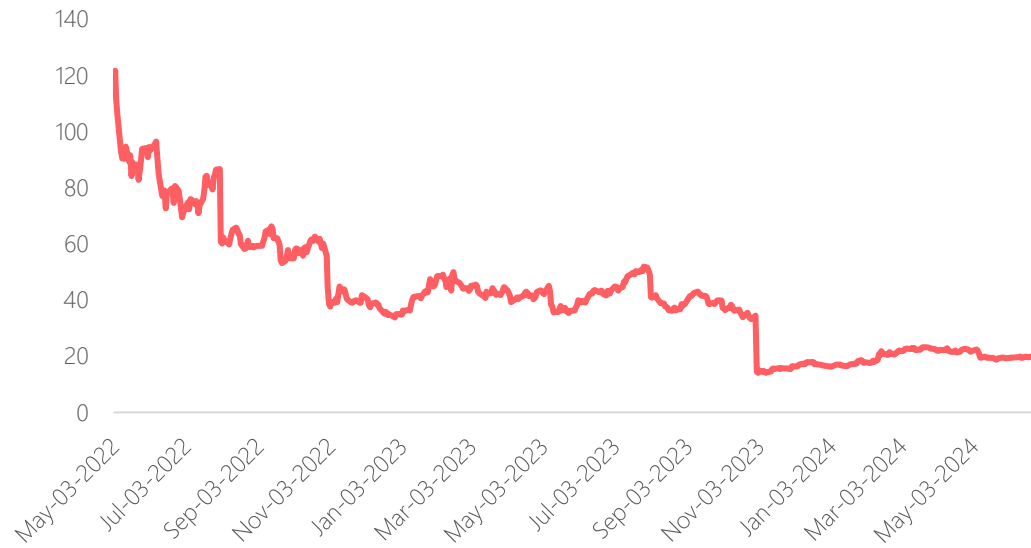
Booking historical P/E FWD



Average	Median	DesvP	Last
20.8	20.2	3.2	22.6

Airbnb Historical Multiple

Airbnb historical P/E



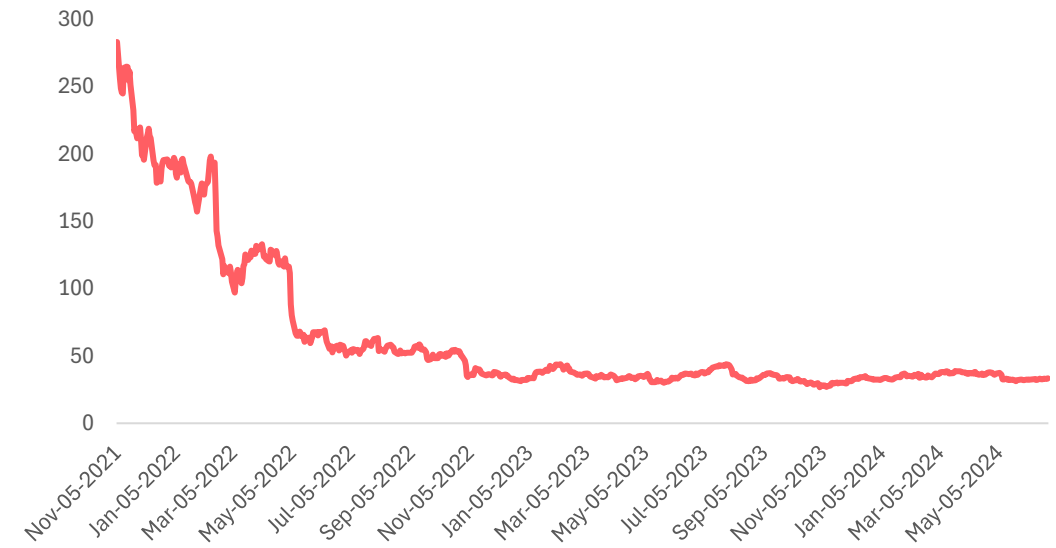
Average
31.7

Median
36.2

Desv.p
11.6

Last
20.0

Airbnb historical P/E FWD



Average
34.9

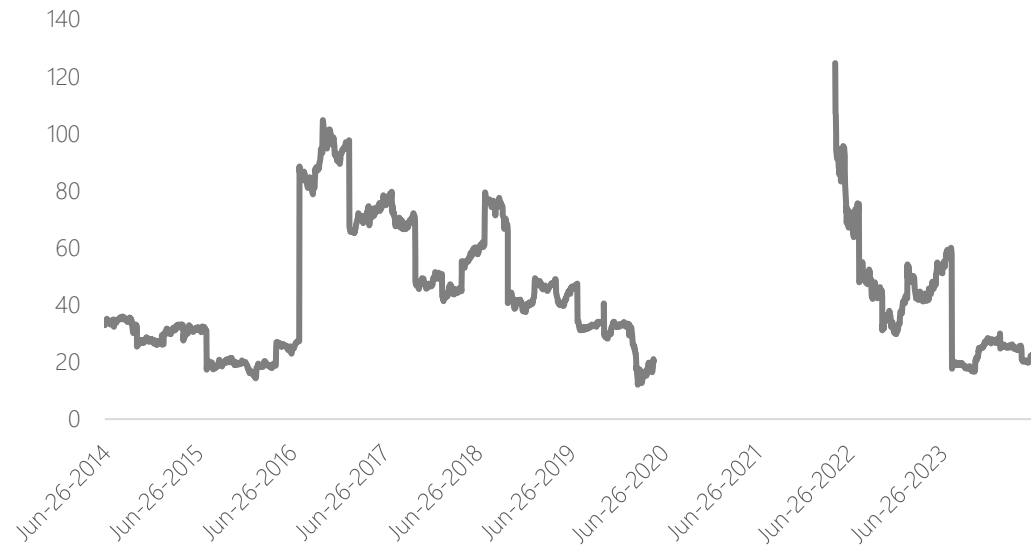
Median
34.4

Desv.p
3.3

Last
33.5

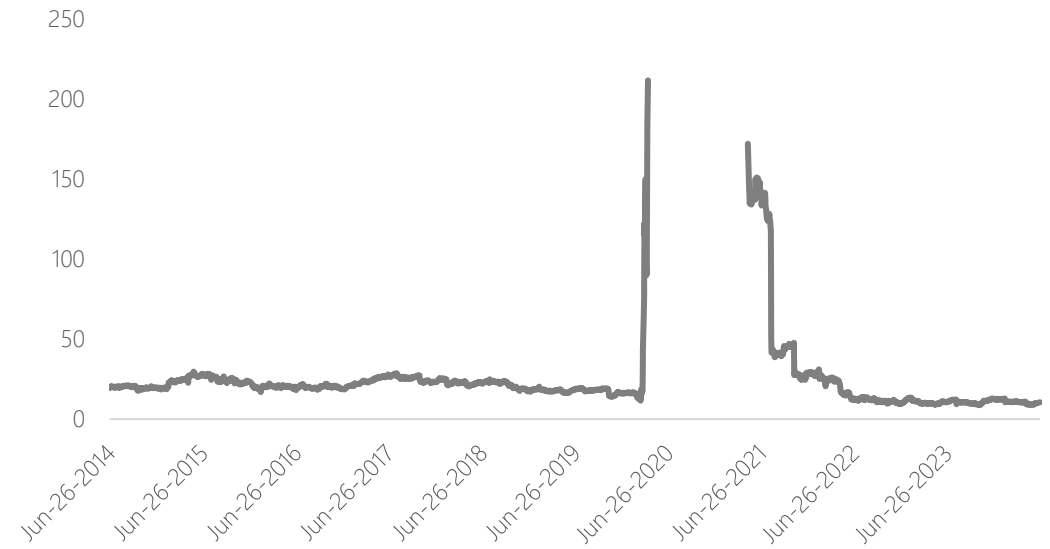
Expedia Historical Multiple

Expedia historical P/E



Average	Median	Desv.p	Last
42.9	35.7	21.2	23.4

Expedia historical P/E FWD



Average	Median	Desv.p	Last
18.7	19.6	5.3	10.6

 Years at Booking

24



Glenn Fogel
CEO

1



Ewout Steenberg
CFO

5



Rob Francis
CTO

5



Arjan Dijk
CMO

Short Term Incentives

Revenue growth
2023 vs 2022

Target: 10%
Actual: 22%

EBITDA growth
2023 vs 2022

Target: 17%
Actual: 36%

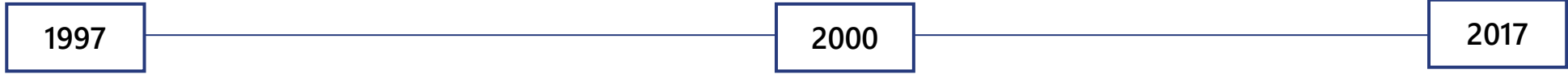
Long Term Incentives

Performance
Share Units

Lower: none
Max: 2x target

CEO – Glenn D. Fogel

The main figure, Gleen has been achieving impressive results at the command of Booking



Morgan Stanley

VP and CFO



VP Corporate development



CEO

Under Gleen's management, Booking has delivered 2.4X its value since 2017, even during a pandemic period.

BKNG stock price [USD]



Stock own
25,471

Value of stock own
96.7 mn [USD]



Glenn Fogel – CEO
24y experience at Booking

“Our ambition going forward, is to continue to **grow our gross bookings, revenue, and earnings per share faster** than we did in 2019. We are confident we will achieve these objectives because we have invested in building a stronger business and better product offerings for our travelers and partners than we had back then.”



CMO – Arjan Dijk

The mind behind marketing

With over two decades of experience in marketing, Arjan’s strategies have often led to significant growth in **brand awareness** and **revenue** for the companies he has worked with. At Booking.com, he was ahead of the **marketing operation** during the **fight and recovery from the pandemic**.



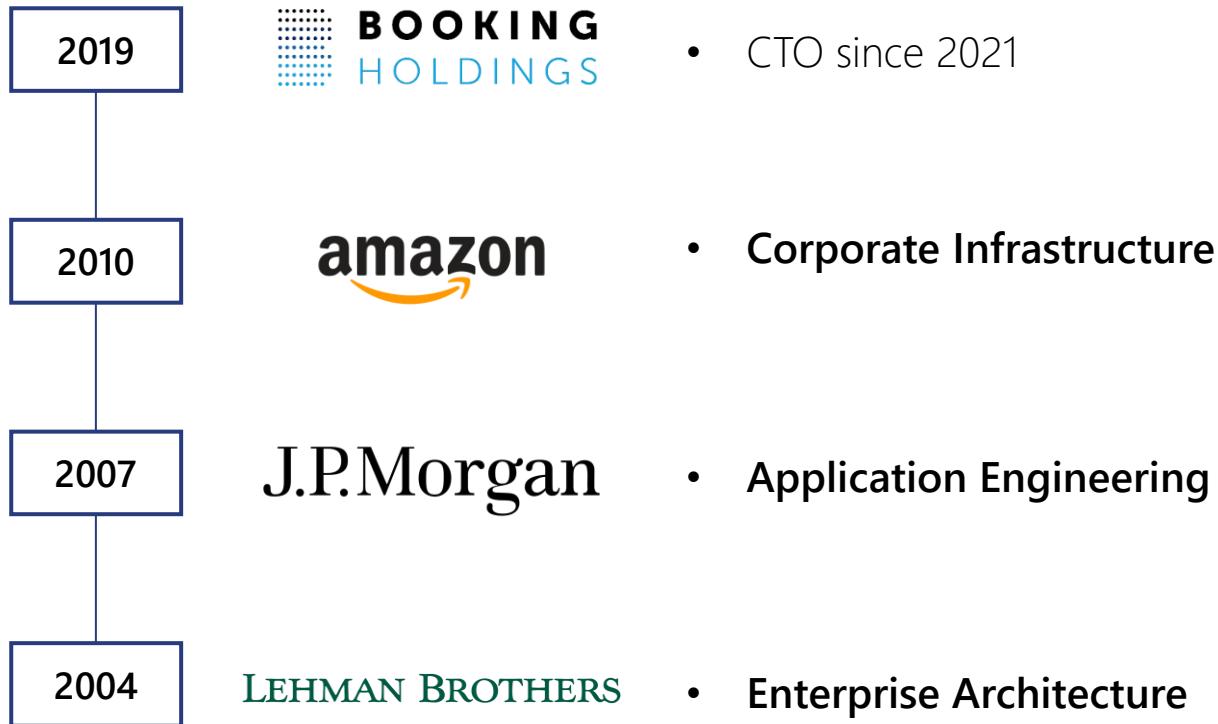
Arjan Dijk
CMO at Booking Holdings (5y)

“We **really look at numbers**, and it doesn’t mean, again, that we’re only looking at conversions in our mobile app, any marketing campaign needs to make you feel something, learn something, or do something. But you can **put objectives and numbers** around that”

CTO – Rob Francis

The head of technology

Rob has an outstanding track record in high-performing organizations in the **e-commerce and consumer technology space**. Those 2 areas combined are exactly what Booking.com is looking for: the best buying experience for the costumers, leading to the **best conversion**.



Rob Francis
CTO at Booking Holdings (3y)

“There’s a common mistake companies make, jumping into the public cloud with a lift and shift mindset; that’s not something we’re looking to do. **What I’m really after is speed and control at the same time.** To do that, you have to invest up front.”

The new CFO

At the end of last year, Booking announced Ewout Steenbergen as the new CFO

Ewout has deep experience in **technology and finance**, two essential areas in Booking's business. Something really important is that in the S&P Global (Ewout's last job), he was already focused on growth and sustainable shareholder value, two characteristics that are in line with Booking's culture.



Ewout Steenbergen
New CFO at Booking Holdings



2024



- CFO since March 15th

2016



- **VP and CFO** from 2016 to 2024
- Introduced **new performance metrics**, boosting results

2010



- VP and CFO
- Conducted the IPO in 2013

"I look forward to working alongside the company's strong leadership team to continue the company's **growth, capitalize on the long-term** opportunities in front of us, and achieve our **strategic objectives**."

Our Board

Current Directors	Age (as of 3-31-24)	Director Since	Independent	Committee and Subcommittee Memberships			Other Public Directorships	
				Audit	Corporate Governance	Talent and Compensation		Cybersecurity
Glenn D. Fogel	62	2017					0	
Mirian M. Graddick-Weir	69	2018	✓	M		C	1	
Kelly Grier	54	2023	✓	M			2	
Wei Hopeman	54	2019	✓		M		0	
Robert J. Mylod, Jr. (Chair)	57	2017	✓			M	1	
Charles H. Noski (Lead Independent Director)	71	2015	✓	M	C		1	
Larry Quinlan	61	2022	✓				C	2
Nicholas J. Read	59	2018	✓	M			M	0
Thomas E. Rothman	69	2013	✓		M			0
Sumit Singh	44	2022	✓			M		1
Lynn Vojvodich Radakovich	56	2016	✓		M	M		2
Vanessa A. Wittman	56	2019	✓	C			M	2
Number of Meetings in 2023				9	5	6	3	

M Member C Chair

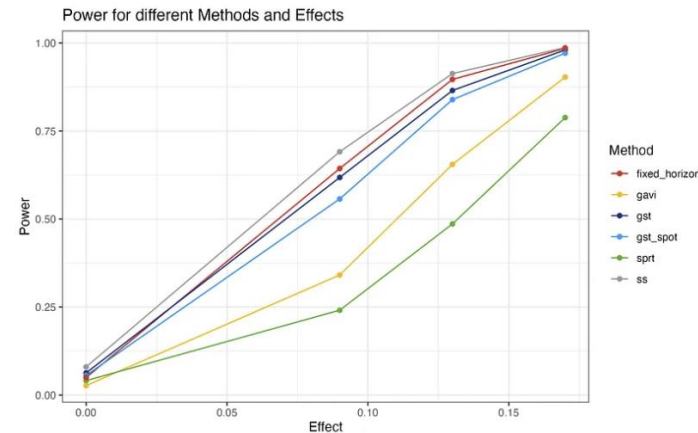
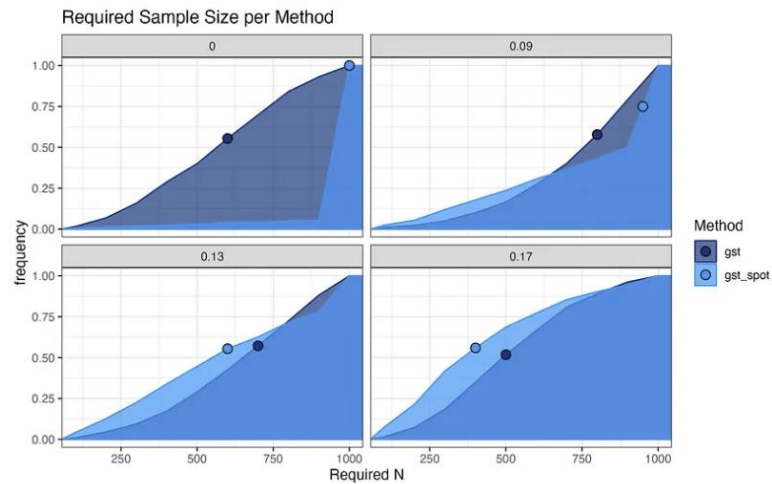
A/B Testing

Why is it so important and how can Booking differ from its peers?

Small changes on the website can lead to different conversion rates, increasing or decreasing purchases. The OTA's challenge is to determine which changes are effective in a trustful and fast method. **It is all about reliable and fast product decisions...**

Not only fast...

...but also reliable



Effect	gst booking	gst spotify	gavi	sprt	ss
0	600	1000	1000	1000	1000
0.09 (small)	800	950	1000	1000	830
0.13 (medium)	700	600	742	1000	682
0.17 (large)	500	400	460	536	564

Effect	Fixed horizon	gst booking	gst spotify	gavi	sprt	ss
0	0.05	0.06	0.06	0.03	0.04	0.08
0.09 (small)	0.64	0.62	0.56	0.34	0.24	0.69
0.13 (medium)	0.9	0.87	0.84	0.66	0.49	0.91
0.17 (large)	0.98	0.98	0.97	0.9	0.79	0.99



Dr. Nils Skotara, PhD
Data Scientist at Booking.com

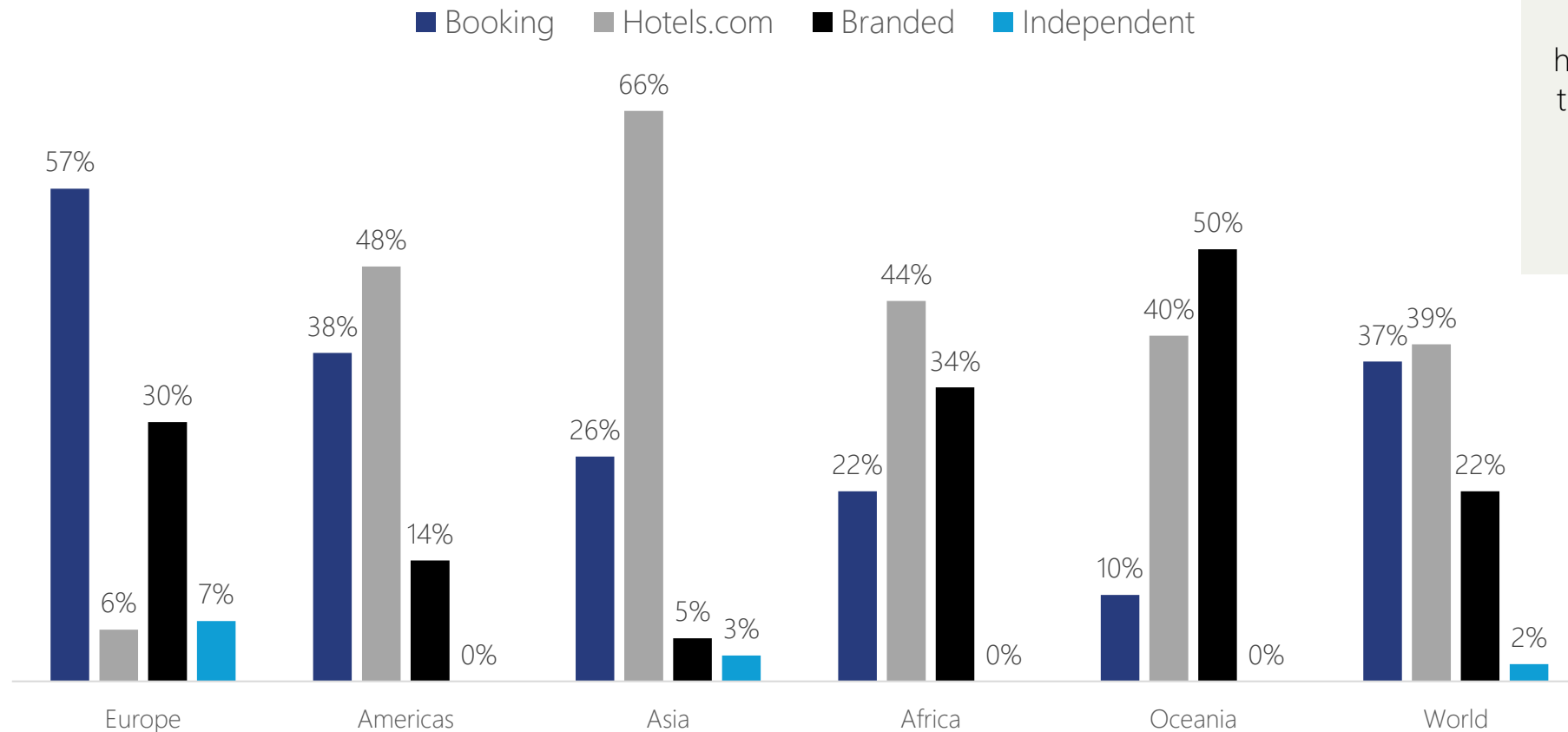
“ (...) main advantages are: (i) we can stop ineffective changes very early, (ii) we eliminate peeking issues and (iii) it is not trivial to implement it in a large scale. ”

Hotels in... Analysis (ads)

How did we conduct our analysis?

We searched for hotels in all the world's capitals with one goal in mind: to understand which website comes out on top. The results confirmed our thoughts: Booking is an outstanding company with paid ads in Europe

Top 1 OTA in Google Ads when searched "hotels in [country's capital]" [%]



The strategy is very clear: the biggest part of marketing expenses are headed to Europe, where Booking is the leader. Even with a leadership in Asia en Americas, **Expedia (Hotels.com) has only 69% of Booking's gross bookings**

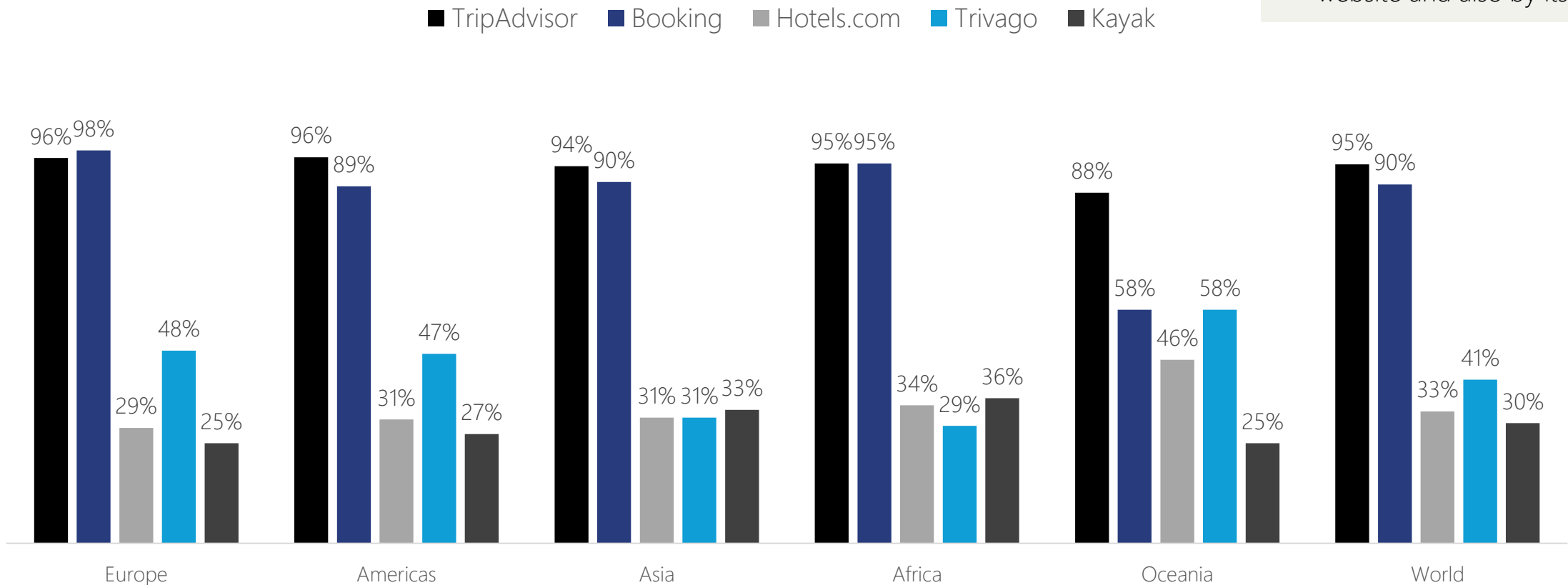
Hotels in... Analysis (organic)

How did we conduct our analysis?

We also looked to the top 3 organic results in our research, and Booking was in even more results than in the paid results from Google ads

Booking was present in **almost all organic results in Europe**, but also shown a **massive presence in other continents**. This organic relevance is obtained by a high traffic in the website and also by its quality

Top 1 OTA in Google Ads when searched "hotels in [country's capital]" [%]



EPS x Dividends Analysis

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Shares outstanding	52.0	51.9	49.6	49.2	48.5	45.6	41.4	41.0	41.1	37.9	34.4
EPS	37.17	46.3	50.09	43.14	47.78	84.3	112.9	1.5	28.4	76.7	118.67
Net income						3998	4865	59	1165	3058	4289
Share price EoP						1633	2227	2227	2399	2015	3547
P/E						18.6	19.0	1547.6	84.6	25.0	28.4

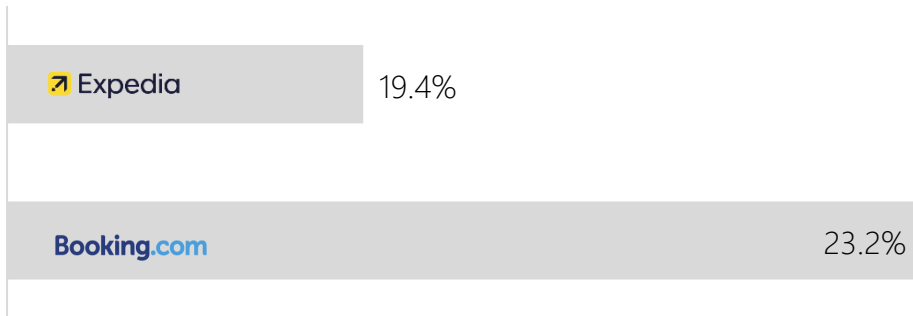
IRR	Repurchase case	Cash flow					-1633	0	0	0	3547
	21.4%										
IRR	Non repurchase case	Cash flow					-1508	19	2	102	2834
	18.7%	Dividends					8153	1264	162	6621	10337
Shares	45.6	Dividends per share					179	28	4	145	227
Tax rate	30%	Tax rate					30%	30%	30%	30%	30%
		Dividends stock holder					125	19	2	102	159
		Share price EoP					2022	2002	2162	1675	2676
	Difference										
	2.7%										

Paid traffic Analysis

How did we conduct our analysis?

Using the paid traffic share and visits of each website, we can estimate the price per visit for the players...

Paid traffic [%]



Estimating an average ticket for a trip in each site

(a) 1.049 [mn] Rooms Nights
 (b) [mn] 74 Rental car days booked
 (c) [mn]36 Airlines tickets booked
 (d) [mn] 150,627 Gross Bookings

(e) Orders bought = (a)/3+(b)/3+c = 410 [mn]
 Spent per order = (d)/(e) = 384
 Revenue = spent per order * take rate = 55

	Visits	Paid visits	Mkt	Mkt/month	USD/visit	USD/paid visit
Expedia	175.2M	34M	1.65USD bn	550USD mn	3.14	16.2
Booking	514M	119.3M	1.61USD bn	535USD mn	1.1	4.5

Booking can clearly be more efficient regarding its marketing expenses

Expedia
 This would mean **16.2USD/paid visit and 3.14USD/visit**

Booking.com
 This would mean **4.5USD/paid visit and 1.1USD/visit**

Estimating a 96USD revenue for a 3-day travel, it translates to an **83% gross margin**

Estimating a 55USD revenue for a 3-day travel, it translates to a **92% gross margin**

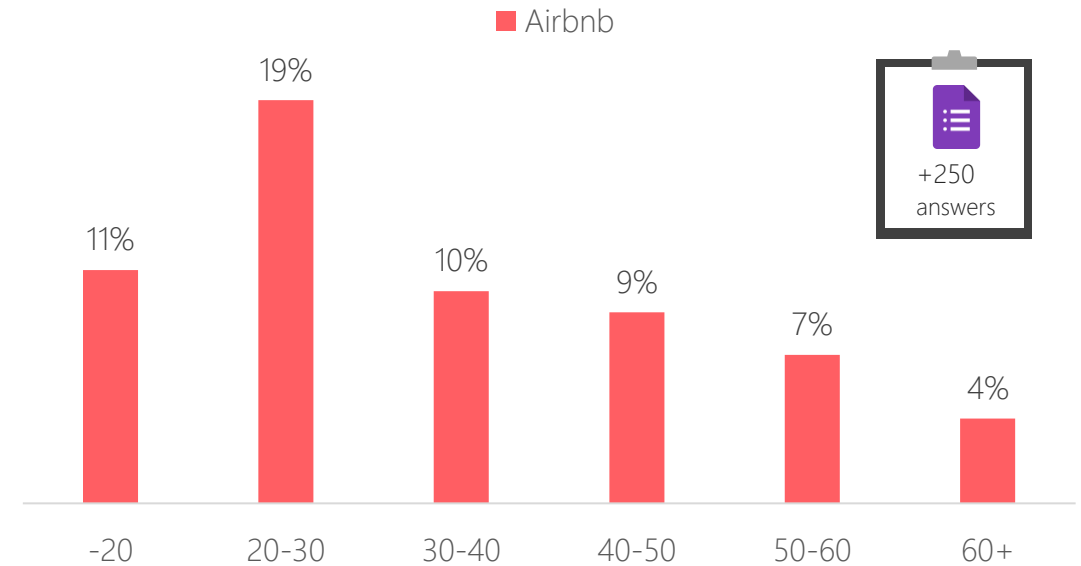
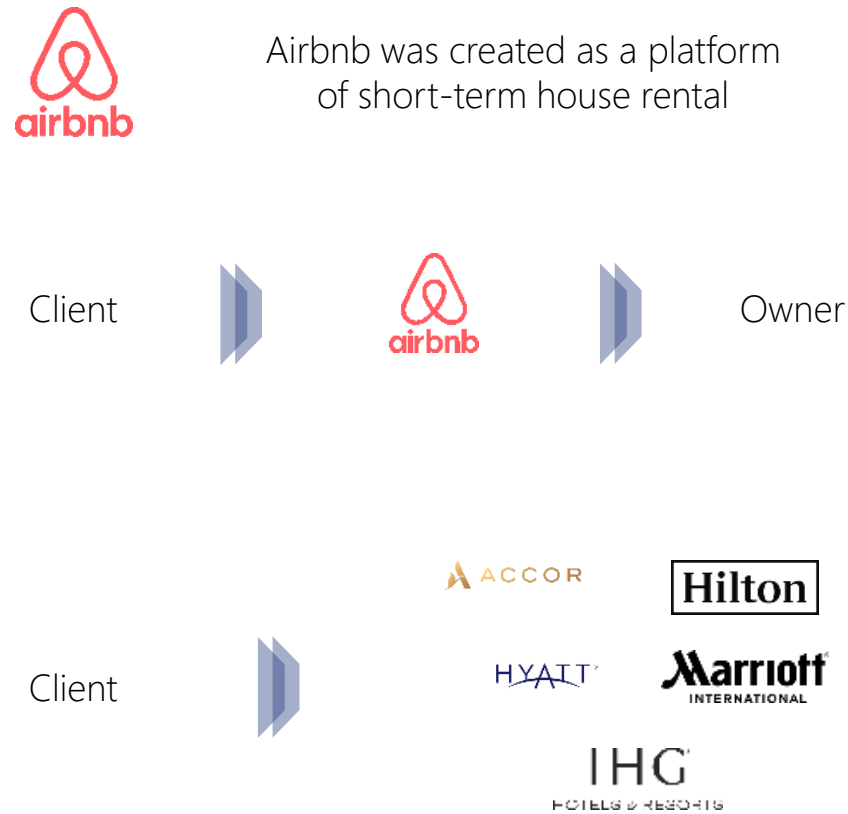
Airbnb: a direct competitor?

We see Airbnb attracting a different target and mainly offering different products

Different objectives: while Airbnb's objective is to intermediate house rentals, hotels take care of everything, clients just have to pay

So the occasions when a client stays at an Airbnb are different than when he stays at a hotel, and clients are also different

Votes on "where do you usually buy hotel/house reservations?" by ages [%]



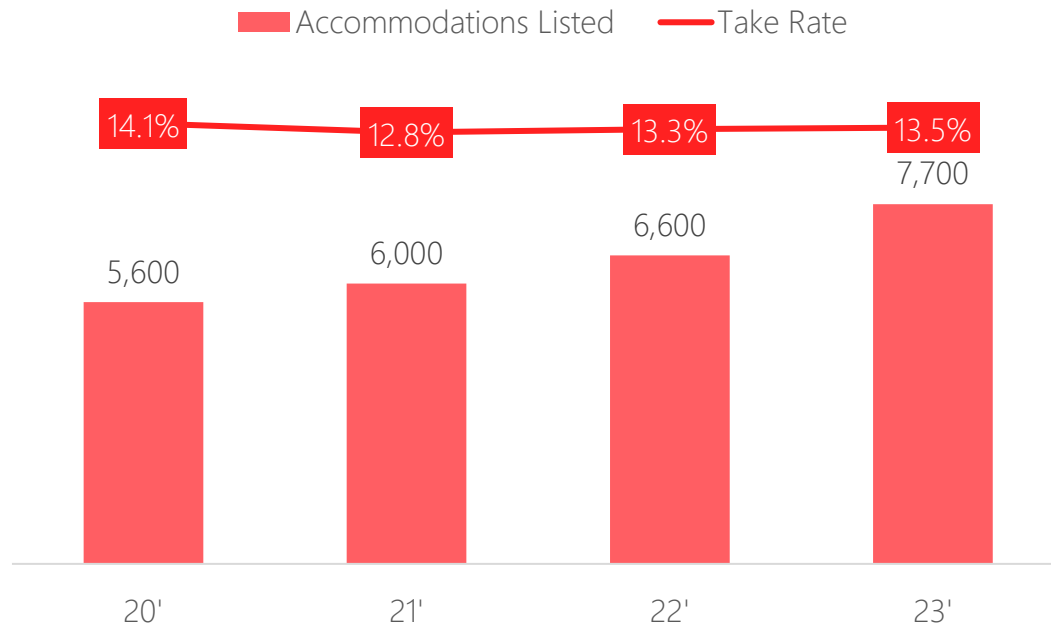
Hotels and Airbnb are similar businesses, but they compete for different clients in the majority of occasions

Alternative accommodation

We see Airbnb attracting a different target and mainly offering different products

In the last years, Airbnb increased the number of accommodations available, showing resilience

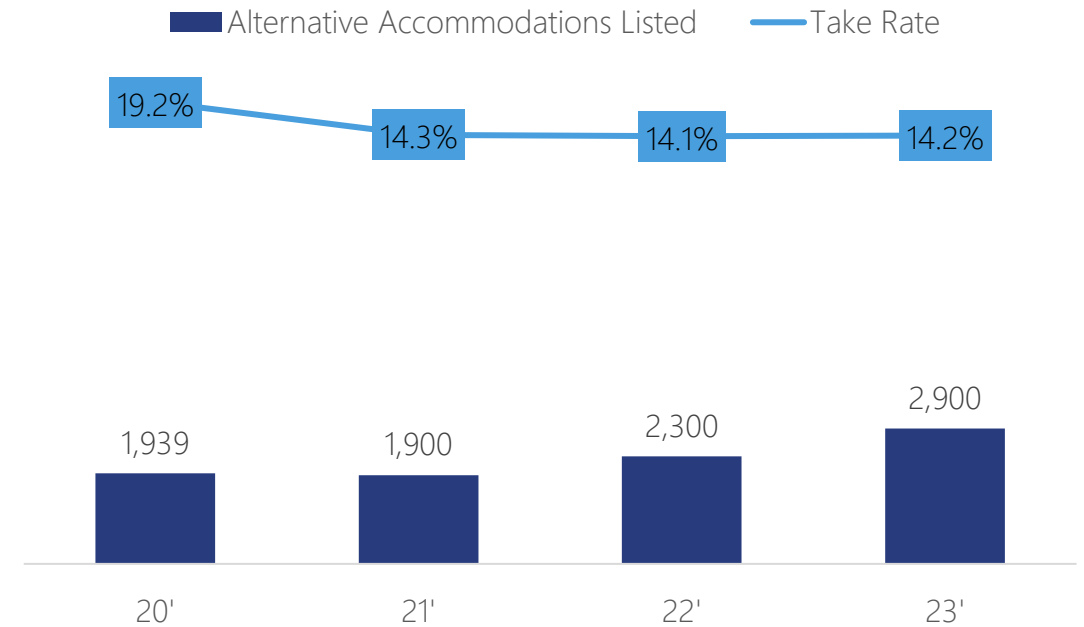
Accommodations listed and take rate [# th; %]



The alternative accommodation business has slightly lower margins, since the rental prices are also lower

Despite not being the focus, Booking started growing its alternative accommodations, tightening the competition with Airbnb

Alternative accommodations listed [# th]



This is not Booking's focus in the platform. However, with this option for the users, Airbnb gets some fierced competition

Hotels are still alive

We see Airbnb attracting a different target and mainly offering different products

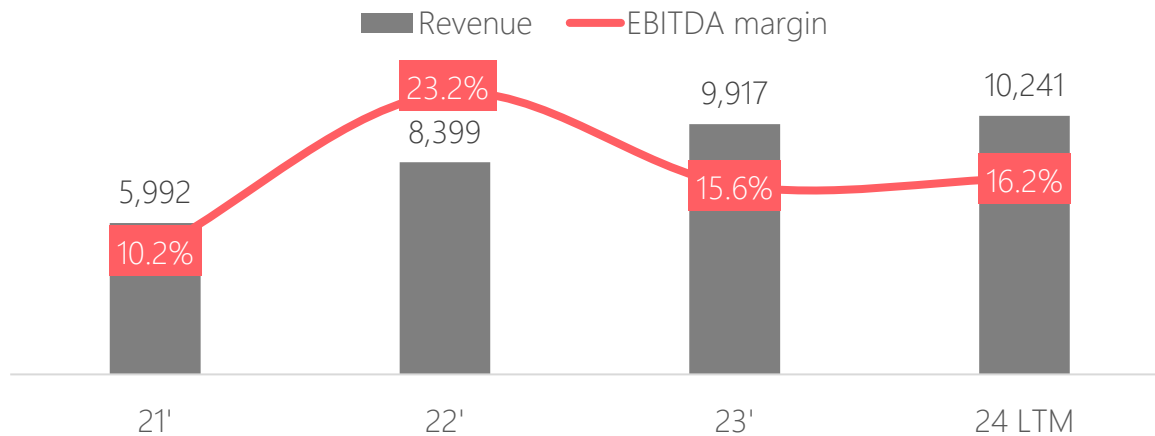
Even with a relevant growth, Airbnb is still a smaller player that doesn't have the same efficiency as Booking does

Accommodations listed and take rate [# th; %]



More than 5 million hosts offering their own properties

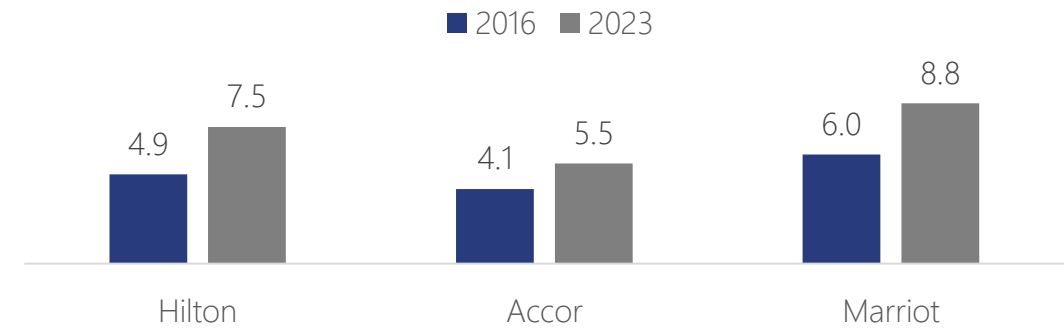
Revenue and EBITDA margin [USD mn; %]



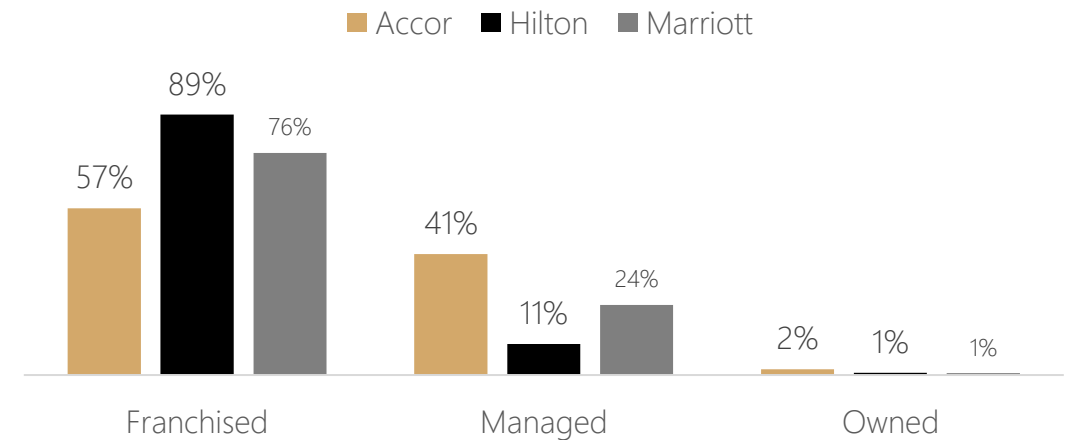
We see a smaller player with different target public and less efficient than Booking. Therefore, we do not see Airbnb as a strong competitor that can threaten Booking's dominance

And hotels are far from being a dead business, since the number of hotels and rooms in the pipeline grows every year

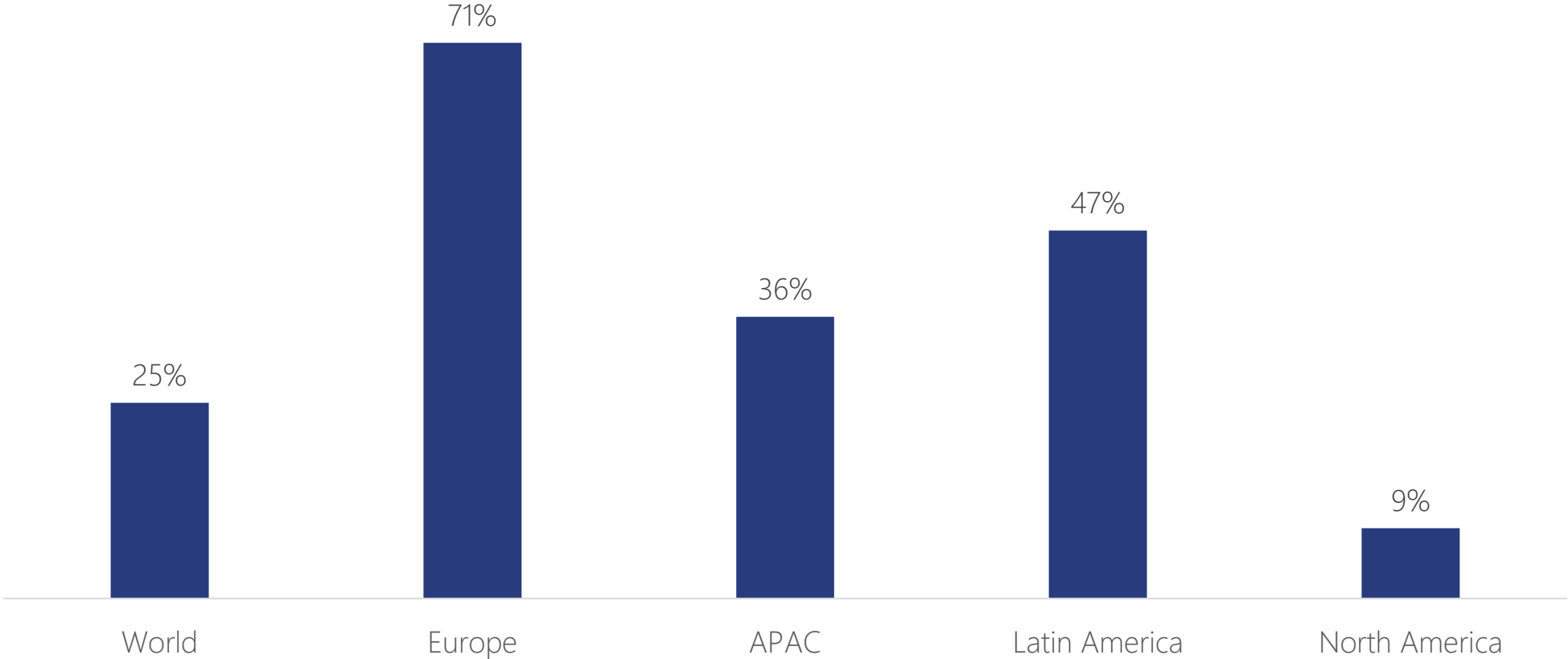
Number of hotels by brand [# th]



Hotel business model breakdown in 2023 [%]

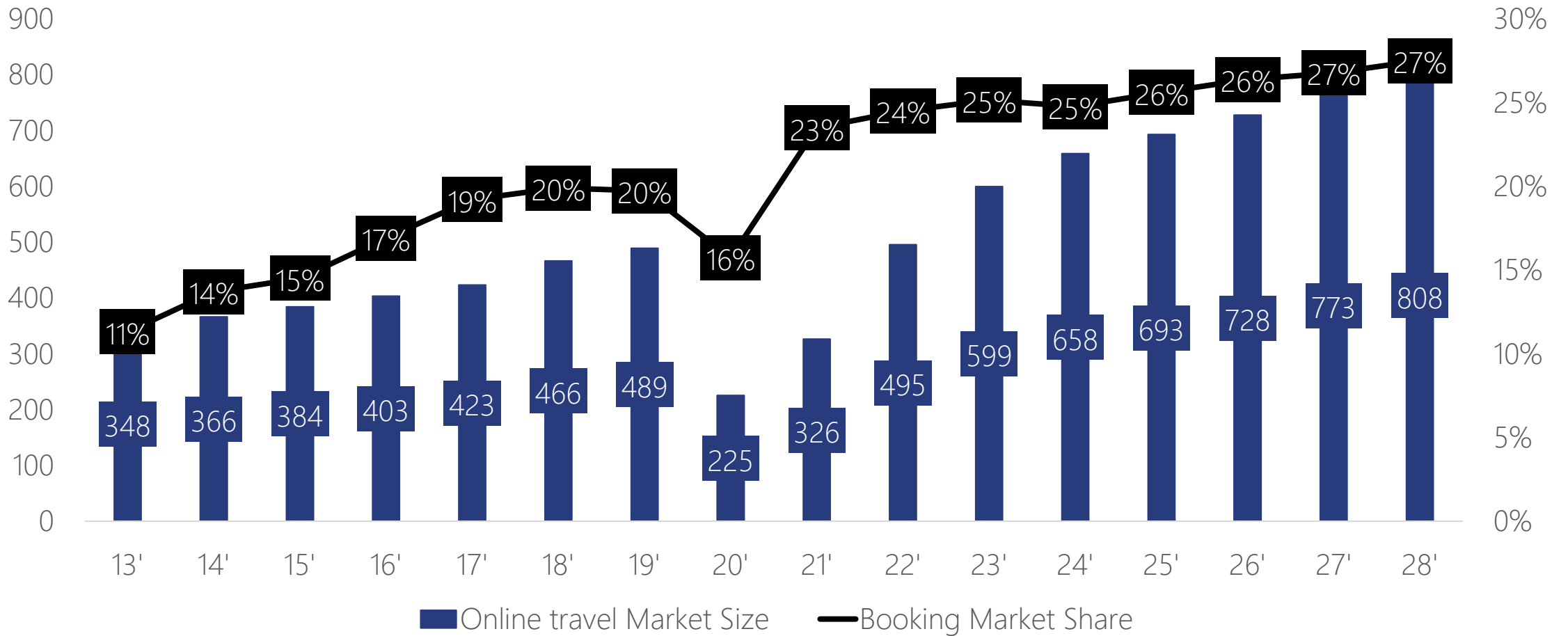


Market Share Overview

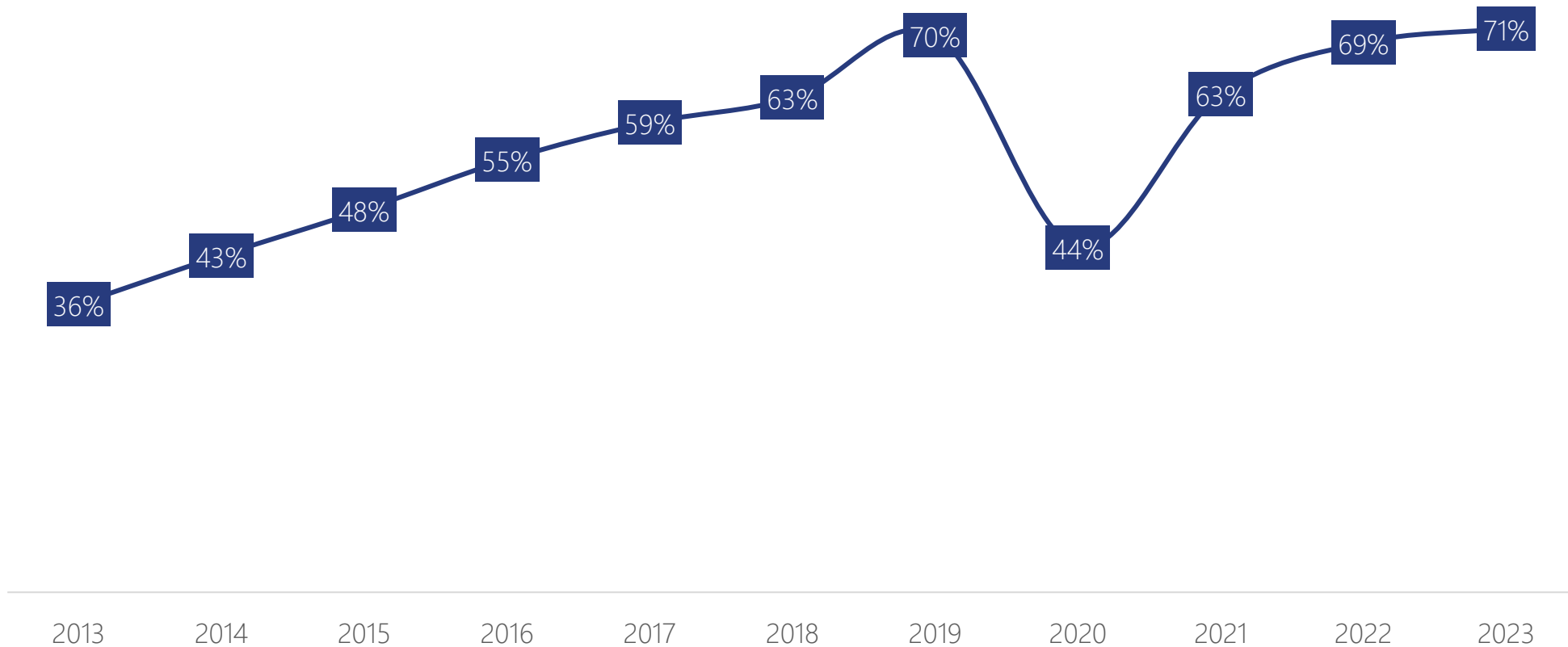


Implied Market Share

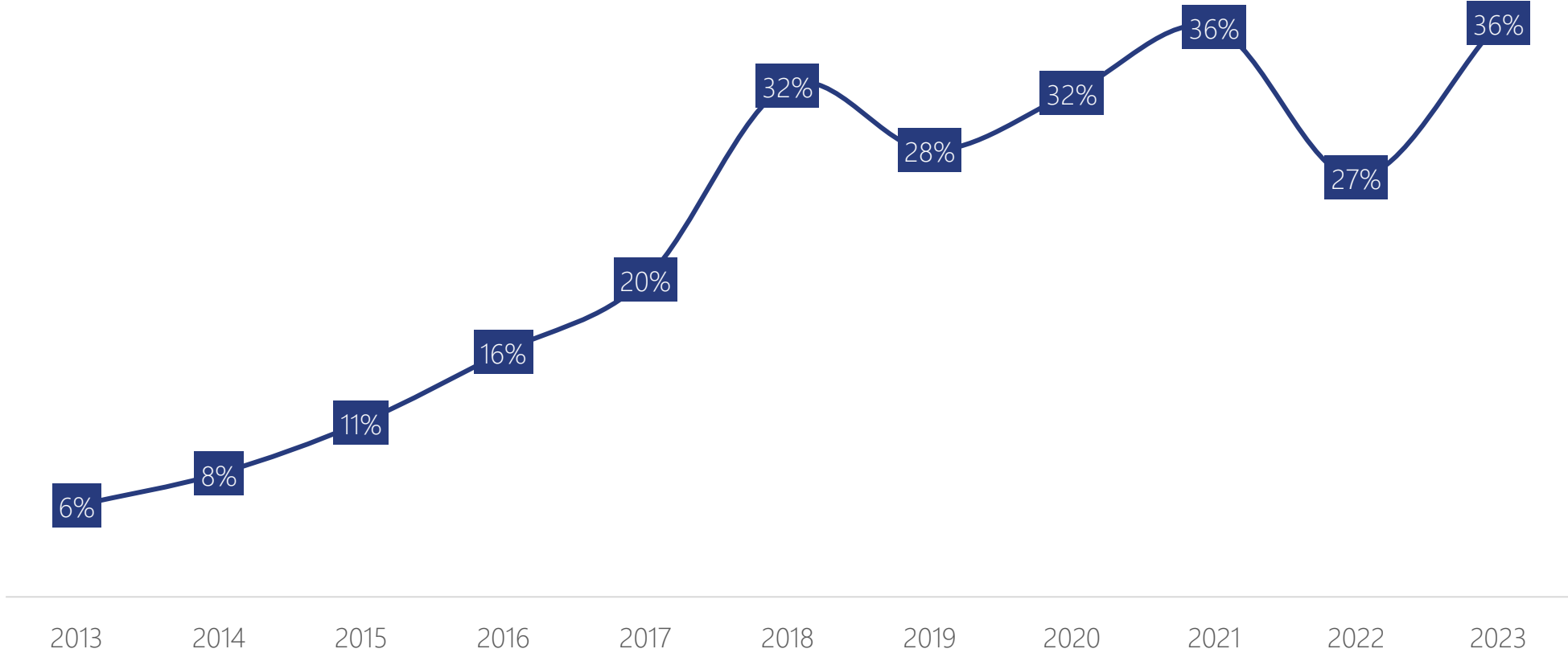
Online travel Market Size [bn] x Booking Market Share [%]



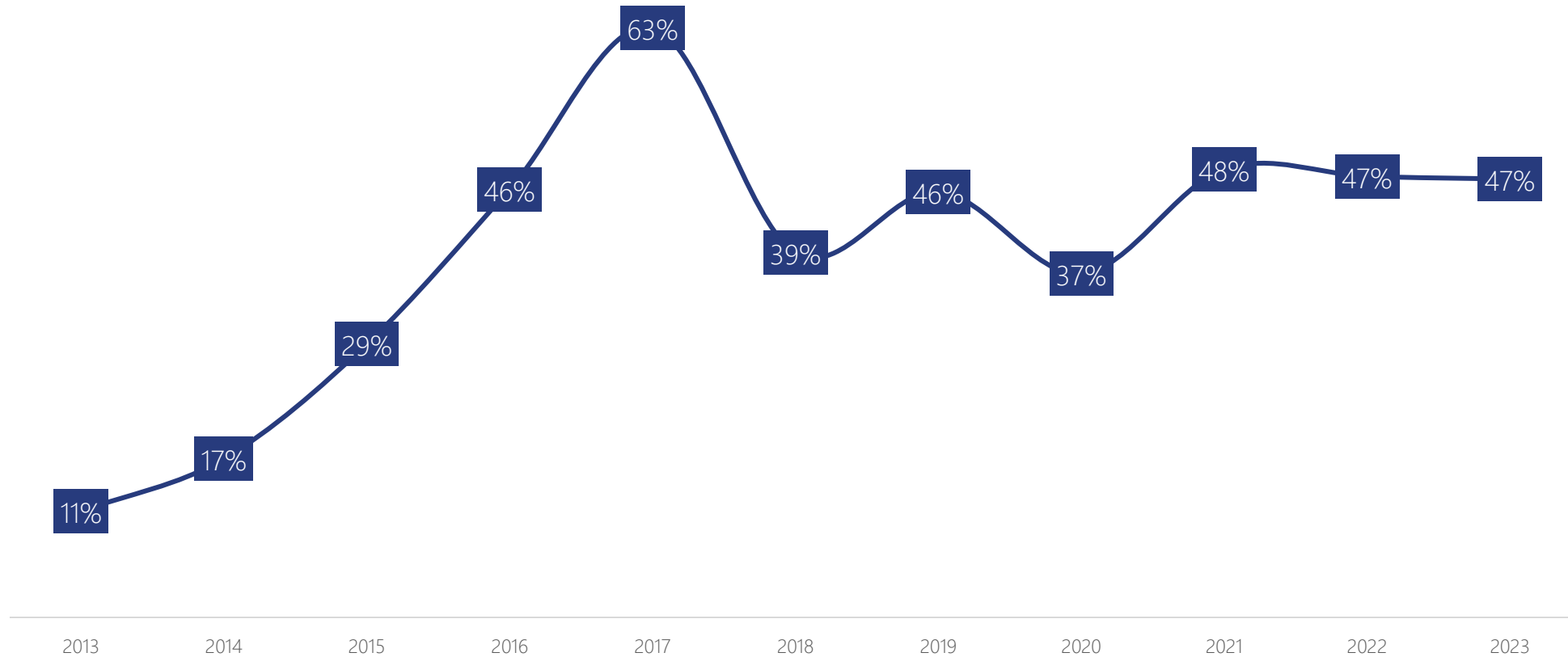
Europe Market Share



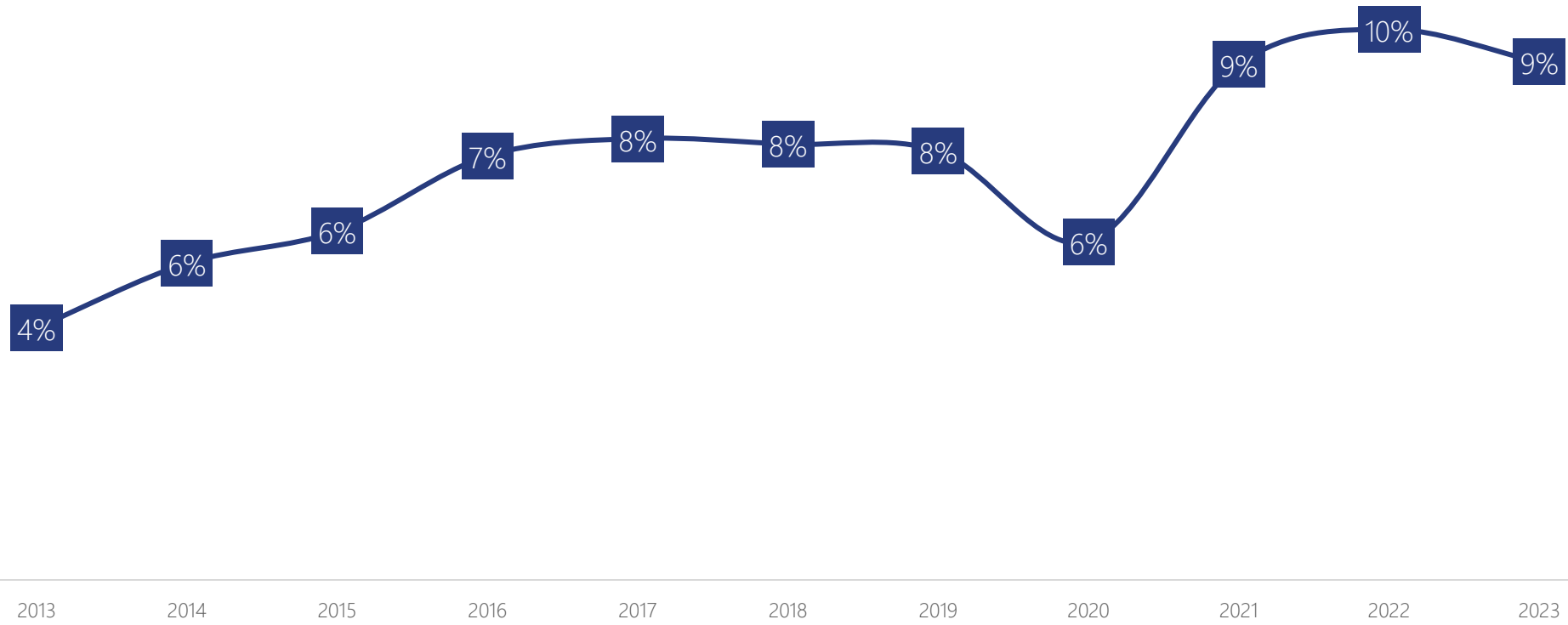
APAC Market Share



Market Share Latin America



Market Share North America

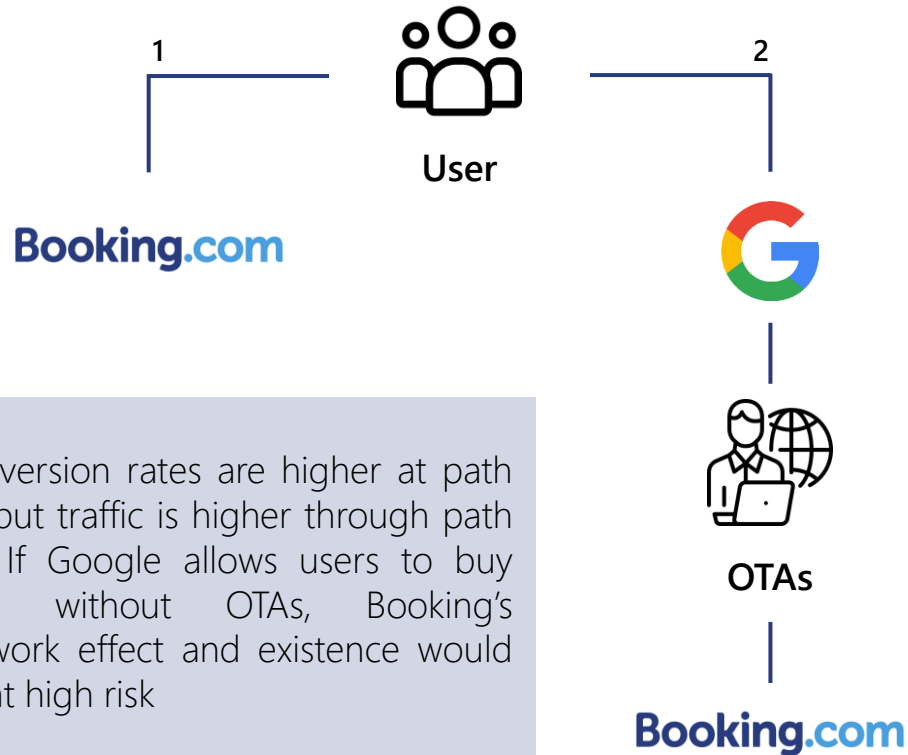


Why Google matters?

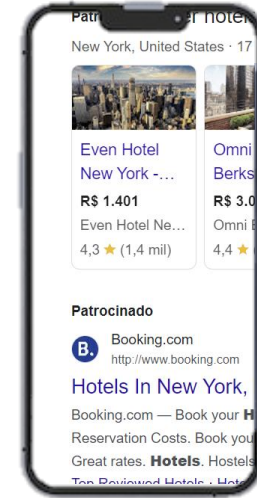
Google is an essential path to bring more users, so if it decides to become an OTA, **Booking would loose a massive traffic**

But we don't see Google interested in that, since the company would loose some **relevant clients in Google ads**

OTAs among the top 100 companies with highest expenses in Google ads



Conversion rates are higher at path #1, but traffic is higher through path #2. If Google allows users to buy trips without OTAs, Booking's network effect and existence would be at high risk



Google keeps Google Hotels as a partner to OTAs, allowing them to pay in order to be among the top results. By doing this, Google gets revenue for the traffic, but still doesn't kill the OTAs, and we see this as the scenario with the highest probability in the future

AI: risk or opportunity?

How Booking deals with Artificial Intelligence?



Glenn Fogel – CEO
Booking

Conference Call (1Q24)

“In order to achieve the easier and more personalized experience with the connected trip, we have always **envisioned AI technology playing a central role** (...) As we have discussed before, our teams continue to work hard to integrate **generative AI** into our offerings in innovative ways, including **Booking.com's AI trip planner, price-wise generative AI travel assistant** named Penny, and Kayak's recent release of generative **AI-powered features and tools**.”

How AI could be a threat?

- **AI becomes an OTA:** if users could ask the AI to do make a reservation for them, and they won't need Booking to see all options
- **Payments:** if AI starts to intermediate payments, knocking out Booking's take rate
- **Comparison features:** one of the Booking's differential is to have all hotels in one place, so it's very easy to compare different hotels. If AI could do it better, maybe it would be a problem

can you book Hotel Atlântico Business Centro for me?

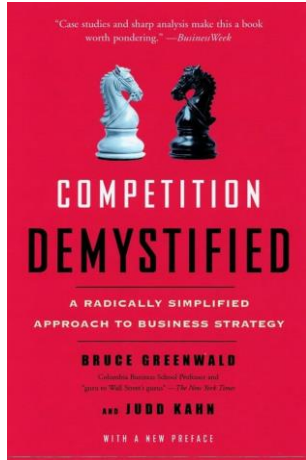
- I can't book the hotel directly for you, but I can guide you on how to do it. Here are the steps to book **Hotel Atlântico Business Centro** for your stay in Rio de Janeiro from August 15th to August 18th:
1. **Visit Booking.com:** Go to [Booking.com](https://www.booking.com).
 2. **Search for the Hotel:**
 - Enter "Hotel Atlântico Business Centro, Rio de Janeiro" in the search bar.
 - Select your dates (August 15th to August 18th).
 - Set the number of guests.
 3. **Filter the Results:** You can apply filters such as budget and amenities to narrow down your choices if needed.
 4. **Select the Hotel:** Find "Hotel Atlântico Business Centro" from the list of available hotels and click on it.
 5. **Choose Your Room:** Review the room options available for your dates. Make sure to check the details and amenities of each room.



Chat GPT



Genius – The idea behind a loyalty program



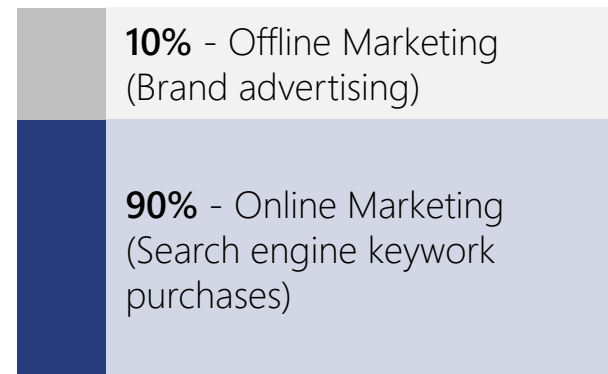
Competition Demystified

Customer loyalty programs — frequent-flier miles, affinity credit cards, and other reward plans — have the same goal, keeping captive customers in the corral. [...] The common element in all these approaches is that they encourage repeated, virtually automatic and nonreflective purchases that discourage the customer from a careful consideration of alternatives.

Booking flywheel effect



Booking's Online and Offline Marketing Expenses [%]



User: benefits like lower rates, ease of access, rooms upgrade, priority support, add-ons for free

But why Genius makes sense?

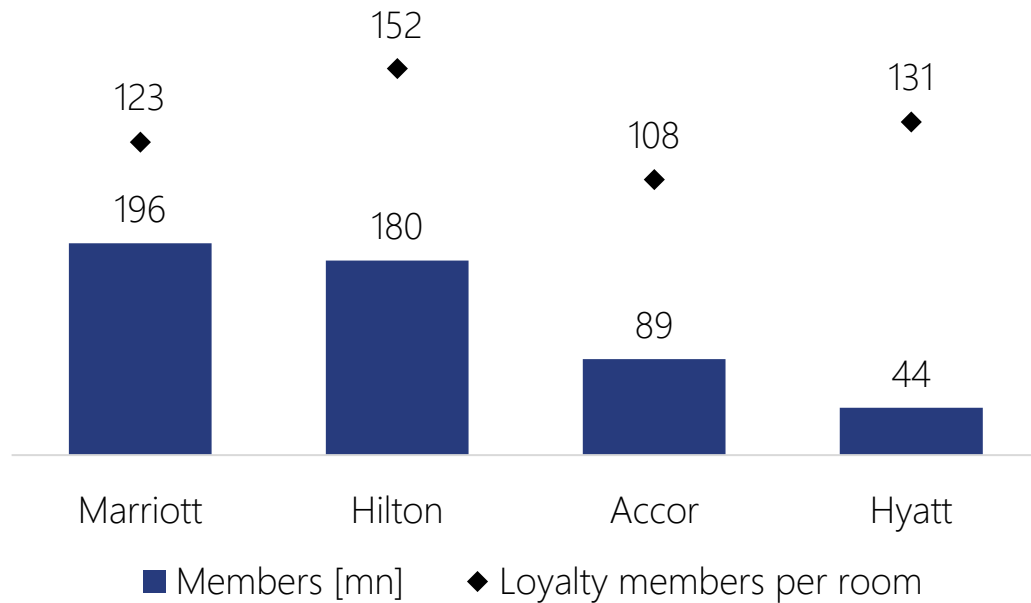
Booking: protection of the network effect, and creation of a customer captivity



Hotels – Loyalty Programs

An alternative hotels found to increase customer captivity is creating loyalty programs, in which travelers can have rooms upgrade, extra nights for free, special amenities, and other benefits. Even though, this is not enough to take OTAs out of the travel game.

Loyalty members and members per room [# mn; #]

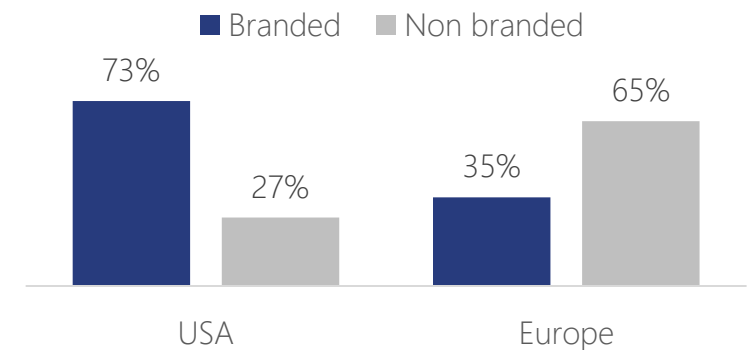


The main hotel brands invest heavily in the loyalty programs, since they can increase their occupation, even with lower rates. They are more popular among Upscale and Midscale hotels. **60% of Marriott's** rooms are booked by members, while this number is **63% at Hilton** and **43% at Hyatt**.



Loyalty programs seem to be a threat, but we don't believe so. Nowadays, hotels need the OTAs to be seen by travelers so they will still be used. As an example, the biggest hotel brands grew their loyalty members base with a 6y CAGR higher than 10%, and OTAs didn't feel anything.

Division of hotels at top result in Google search [%]



Visit at Qoya Hotel, São Paulo

Summing up...



On April 27th we had the opportunity to visit the Qoya Hotel São Paulo, Curio Collection by Hilton and talk to Giuliana Laganá, manager at the hotel. In this visit, we talked about loyalty programs at branded hotels like Hilton and how they are not enough to ensure high occupancy rates. She highlighted how, nowadays, it's impossible not to be listed on the OTAs, or they would lose a relevante part of their reservations.

Visit at Double Tree São Paulo

Summing up...



On April 18th we had the opportunity to visit the Double Tree by Hilton and talk to Guilherme Batista, general manager at the hotel. During this visit, he highlighted the importance of OTAs for the first contact with the client. If a hotel is not listed on Booking, it is basically not an option for a massive number of possible guests that use this type of platform while looking for a place to stay. Besides that, we talked about how hotels establish prices, and he said that prices on the OTAs can't be much different than the offered by hotels due to regulation.

Summing up...



On April 22nd we had the opportunity to talk to João Annibale, former CEO at Leading Hotels of the World. We discussed how COVID changed some trends in tourism, since now people seem to give preference to experiences over goods and are willing to spend more. Even with the deep crisis faced by the sector, the hospitality industry is already recovered and those trends were boosted. We also talked about the essential role of OTAs in the hospitality industry and how it seems not to exist a tourism scenario without these engines.

Call with Guilherme Castro

Summing up...



On April 12th we had the opportunity to talk to Guilherme Castro, VP of the Fórum de Operadores Hoteleiros do Brasil. We discussed hotels' business model and the shift to a franchise focus. We also talked about the importance of investments in marketing to hotels and how branded hotels get a big advantage against independent ones. The way to backfire this advantage is by using OTAs and getting into the huge ecosystem that they provide.

Revenue Build-Up (1)

	[Units]	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net revenue		14,527	15,066	6,796	10,958	17,090	21,365	23,308	25,366	27,438	29,569	31,768	34,000	36,221	38,436	40,628	42,778
<i>Growth YoY</i>	[%]		4%	-55%	61%	56%	25%	9.1%	8.8%	8.2%	7.8%	7.4%	7.0%	6.5%	6.1%	5.7%	5.3%
Take Rate	[%]	15.7%	15.6%	19.2%	14.3%	14.1%	14.2%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
Merchant revenues	[mn]	2,987	3,830	2,117	3,696	7,193	10,936	12,607	13,974	15,390	16,880	18,454	20,090	21,764	23,480	25,225	26,988
growth YoY	[%]		28%	-45%	75%	95%	52%	15%	11%	10%	10%	9%	9%	8%	8%	7%	7%
% of net revenue	[%]	21%	25%	31%	34%	42%	51%	54%	55%	56%	57%	58%	59%	60%	61%	62%	63%
Agency revenues	[mn]	10,480	10,117	4,314	6,663	9,003	9,414	9,594	10,187	10,745	11,284	11,805	12,295	12,736	13,130	13,473	13,758
growth YoY	[%]		-3%	-57%	54%	35%	5%	2%	6%	5%	5%	5%	4%	4%	3%	3%	2%
% of net revenue	[%]	72%	67%	63%	61%	53%	44%	41%	40%	39%	38%	37%	36%	35%	34%	33%	32%
Advertising and other revenues	[mn]	1,060	1,119	365	599	894	1,015	1,107	1,205	1,304	1,405	1,509	1,615	1,721	1,826	1,930	2,032
growth YoY	[%]		6%	-67%	64%	49%	14%	9%	9%	8%	8%	7%	7%	7%	6%	6%	5%
% of net revenue	[%]	7%	7%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Online travel market size	[bn USD]	466.2	489.1	225.2	326.1	495.1	599.3	658.4	692.8	727.5	772.5	807.9					
<i>Growth YoY</i>	[%]		5%	-54%	45%	52%	21%	10%	5%	5%	6%	5%					

Revenue Build-Up (2)

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Gross Bookings	[mn USD]	35,394	76,586	121,253	150,627	162,987	177,384	191,876	206,775	222,157	237,766	253,291	268,782	284,110	299,148
<i>Growth YoY</i>	[%]	-63%	116%	58%	24%	8%	9%	8%	8%	7%	7%	7%	6%	6%	5%
Gross Bookings Hotels	[mn USD]	32,430	68,577	111,486	135,419	146,084	158,357	171,095	184,247	197,752	211,541	225,536	239,652	253,796	267,868
<i>Growth YoY</i>	[%]	-64%	111%	63%	21%	8%	8%	8%	8%	7%	7%	7%	6%	6%	6%
% of Gross Bookings	[%]	92%	90%	92%	90%	90%	89%	89%	89%	89%	89%	89%	89%	89%	90%
Rooms nights	[mn]	355	590	896	1,049	1,119	1,189	1,259	1,329	1,399	1,467	1,533	1,597	1,658	1,716
<i>Growth YoY</i>	[%]	-58%	66%	52%	17%	7%	6%	6%	6%	5%	5%	5%	4%	4%	3%
ADR	[mn]	91	116	124	129	131	133	136	139	141	144	147	150	153	156
<i>Growth YoY</i>	[%]	-14%	27%	7%	4%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Gross Bookings non-hotels	[mn]	2,964	8,009	9,767	15,208	16,902	19,027	20,781	22,529	24,405	26,225	27,756	29,130	30,315	31,280
<i>Growth YoY</i>	[%]	-59%	170%	22%	56%	11%	13%	9%	8%	8%	7%	6%	5%	4%	3%
% of Gross bookings	[%]	8%	10%	8%	10%	10%	11%	11%	11%	11%	11%	11%	11%	11%	10%
Rental car days booked	[mn]	31	47	62	74	80	87	93	99	106	112	118	124	130	135
<i>Growth YoY</i>	[%]	-59%	52%	32%	19%	8%	8%	7%	7%	6%	6%	5%	5%	4%	4%
Airlines tickets booked	[mn]	7	15	23	36	42	47	53	59	65	70	74	78	81	83
<i>Growth YoY</i>	[%]	-13%	114%	53%	57%	15%	14%	12%	11%	9%	8%	6%	5%	3%	2%
"ADR" non hotels		78	129	115	138	139	142	142	142	143	144	144	144	144	144
<i>Growth Yoy</i>		-9%	66%	-11%	17%	0%	2%	0%	0%	1%	1%	0%	0%	0%	0%

Income Statement

Income statement	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total revenues	[mn USD]	6,796	10,958	17,090	21,365	23,308	25,366	27,438	29,569	31,768	34,000	36,221	38,436	40,628	42,778
growth YoY	[%]		61%	56%	25%	9%	9%	8%	8%	7%	7%	7%	6%	6%	5%
Expenses	[mn USD]	6,969	8,041	11,537	15,026	15,323	16,422	17,668	18,995	20,361	21,741	23,107	24,462	25,797	27,099
growth YoY	[%]		15%	43%	30%	2%	7%	8%	8%	7%	7%	6%	6%	5%	5%
% of revenue	[%]	103%	73%	68%	70%	66%	65%	64%	64%	64%	64%	64%	64%	63%	63%
EBITDA	[mn USD]	(173)	2,917	5,553	6,339	7,986	8,944	9,771	10,573	11,407	12,259	13,114	13,973	14,831	15,680
growth YoY	[%]	-103%	-1786%	90%	14%	26%	12%	9%	8%	8%	7%	7%	7%	6%	6%
% of net revenue	[%]	-3%	27%	32%	30%	34%	35%	36%	36%	36%	36%	36%	36%	37%	37%
D&A	[mn USD]	458	421	451	504	508	545	552	582	620	606	625	648	675	703
growth YoY	[%]	-2%	-8%	7%	12%	1%	7%	1%	5%	6%	-2%	3%	4%	4%	4%
% of net revenue	[%]	7%	4%	3%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
EBIT	[mn USD]	(631)	2,496	5,102	5,835	7,477	8,399	9,218	9,991	10,788	11,654	12,489	13,325	14,156	14,977
growth YoY	[%]	-112%	-496%	104%	14%	28%	12%	10%	8%	8%	8%	7%	7%	6%	6%
% of net revenue	[%]	-9%	23%	30%	27%	32%	33%	34%	34%	34%	34%	34%	35%	35%	35%
Financial result + others	[mn USD]	1,198	(1,031)	(1,179)	(354)	(179)	(38)	65	105	148	190	231	273	315	357
growth YoY	[%]		-186%	14%	-70%	-49%	-79%	-270%	61%	41%	28%	22%	18%	15%	13%
% of net revenue	[%]	18%	-9%	-7%	-2%	-1%	0%	0%	0%	0%	1%	1%	1%	1%	1%
EBT	[mn USD]	567	1,465	3,923	5,481	7,298	8,361	9,283	10,096	10,935	11,843	12,720	13,598	14,471	15,334
growth YoY	[%]	-90%	158%	168%	40%	33%	15%	11%	9%	8%	8%	7%	7%	6%	6%
% of net revenue	[%]	8%	13%	23%	26%	31%	33%	34%	34%	34%	35%	35%	35%	36%	36%
Income tax expense	[mn USD]	(508)	(300)	(865)	(1,192)	(1,459)	(1,671)	(1,855)	(2,018)	(2,186)	(2,367)	(2,542)	(2,718)	(2,892)	(3,065)
growth YoY	[%]	-54%	-41%	188%	38%	22%	15%	11%	9%	8%	8%	7%	7%	6%	6%
% of net revenue	[%]	-7%	-3%	-5%	-6%	-6%	-7%	-7%	-7%	-7%	-7%	-7%	-7%	-7%	-7%
Tax rate	[%]	-90%	-20%	-22%	-22%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%
Net income	[mn USD]	59	1,165	3,058	4,289	5,840	6,690	7,428	8,078	8,750	9,476	10,178	10,880	11,579	12,269
growth YoY	[%]	-99%	1875%	162%	40%	36%	15%	11%	9%	8%	8%	7%	7%	6%	6%
% of net revenue	[%]	1%	11%	18%	20%	25%	26%	27%	27%	28%	28%	28%	28%	29%	29%



Balance Sheet

Balance Sheet	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Current Assets	[mn USD]	12,206	13,145	15,798	17,034	19,329	20,596	22,296	24,087	25,894	27,726	29,585	31,468	33,368	35,281
Cash and Equivalents	[mn USD]	10,562	11,127	12,221	12,107	14,091	14,997	16,329	17,739	19,153	20,588	22,052	23,539	25,049	26,580
Accounts receivable	[mn USD]	529	1,358	2,229	3,253	3,549	3,862	4,178	4,502	4,837	5,177	5,515	5,852	6,186	6,513
prepaid expenses	[mn USD]	337	404	477	644	660	707	759	816	874	931	989	1,046	1,103	1,158
Other current assets	[mn USD]	778	256	871	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030
Non Current Assets	[mn USD]	9,668	10,496	9,563	7,308	7,213	7,118	7,051	6,992	6,966	6,961	6,975	7,006	7,048	7,100
Property and Equipment	[mn USD]	756	822	669	784	906	1,020	1,128	1,234	1,372	1,466	1,565	1,667	1,770	1,873
Intangible assets	[mn USD]	1,812	2,057	1,829	1,613	1,396	1,187	1,012	847	683	583	499	427	367	316
other assets	[mn USD]	7,100	7,617	7,065	4,911	4,911	4,911	4,911	4,911	4,911	4,911	4,911	4,911	4,911	4,911
Current Liabilities	[mn USD]	3,425	6,246	8,474	13,330	15,665	16,666	17,742	18,895	20,073	21,272	22,492	23,722	24,951	26,169
Accounts payable	[mn USD]	735	1,586	2,507	3,480	3,547	3,802	4,083	4,387	4,690	4,995	5,305	5,613	5,917	6,214
Accrued expenses and other current liabilities	[mn USD]	1,382	1,765	3,244	4,635	4,725	5,064	5,438	5,843	6,250	6,657	7,070	7,480	7,886	8,282
Deferred merchant bookings	[mn USD]	323	906	2,223	3,254	3,751	4,158	4,579	5,023	5,491	5,978	6,476	6,986	7,506	8,030
Short-term debt	[mn USD]	985	1,989	500	1,961	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642
Non Current Liabilities	[mn USD]	13,556	11,217	14,105	13,756	14,971	15,643	16,348	17,089	17,867	18,684	19,541	20,442	21,387	22,380
Long-term debt	[mn USD]	11,029	8,937	11,985	12,223	13,438	14,110	14,815	15,556	16,334	17,151	18,008	18,909	19,854	20,847
Other non current liabilities	[mn USD]	2,527	2,280	2,120	1,533	1,533	1,533	1,533	1,533	1,533	1,533	1,533	1,533	1,533	1,533
Equity	[mn USD]	4,893	6,178	2,782	(2,744)	(4,094)	(4,595)	(4,743)	(4,905)	(5,080)	(5,269)	(5,473)	(5,690)	(5,922)	(6,167)
Treasury stock	[mn USD]	(24,128)	(24,290)	(30,983)	(41,426)	(47,426)	(53,426)	(58,426)	(63,426)	(68,426)	(68,426)	(68,426)	(68,426)	(68,426)	(68,426)
retained earning	[mn USD]	23,288	24,453	27,541	31,830	36,480	41,979	46,831	51,669	56,494	56,305	56,101	55,884	55,652	55,407
Other in equity	[mn USD]	5,733	6,015	6,224	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852	6,852

Cash Flow Statement

Cash Flow Statement	[Units]	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
CFO	[mn USD]	6,691	7,874	8,689	9,432	10,154	10,884	11,627	12,363	13,092	13,807
Net income	[mn USD]	5,840	6,690	7,428	8,078	8,750	9,476	10,178	10,880	11,579	12,269
(+) D&A	[mn USD]	508	545	552	582	620	606	625	648	675	703
(+/-) ΔWC	[mn USD]	343	639	708	772	785	802	825	835	838	835
CFI	[mn USD]	(413)	(449)	(486)	(523)	(593)	(601)	(640)	(679)	(717)	(755)
(-) Maintenance Capex	[mn USD]	(413)	(449)	(486)	(523)	(593)	(606)	(625)	(648)	(675)	(703)
(-) Expansion Capex	[mn USD]	0	0	0	0	0	5	(15)	(30)	(42)	(52)
CFF	[mn USD]	(4,294)	(6,518)	(6,871)	(7,499)	(8,147)	(8,849)	(9,524)	(10,197)	(10,865)	(11,522)
(+/-)Δ change in debt	[mn USD]	2,896	672	705	741	778	817	858	900	945	993
(-)dividends and share repurchase	[mn USD]	(7,190)	(7,190)	(7,576)	(8,240)	(8,925)	(9,666)	(10,381)	(11,098)	(11,811)	(12,515)
Cash BoP	[mn USD]	12,107	14,091	14,997	16,329	17,739	19,153	20,588	22,052	23,539	25,049
Change in cash	[mn USD]	1,984	907	1,332	1,410	1,414	1,435	1,464	1,487	1,510	1,531
Cash EoP	[mn USD]	14,091	14,997	16,329	17,739	19,153	20,588	22,052	23,539	25,049	26,580



Expenses

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Marketing expenses	[mn USD]	2,179	3,801	5,993	6,773	7,156	7,597	8,108	8,679	9,261	9,844	10,414	10,974	11,519	12,043
growth YoY	[%]	-56%	74%	58%	13%	6%	6%	7%	7%	7%	6%	6%	5%	5%	5%
% of net revenue	[%]	32%	35%	35%	31.7%	30.7%	30.0%	29.6%	29.4%	29.2%	29.0%	28.8%	28.6%	28.4%	28.2%
Sales and other expense	[mn USD]	755	979	1,986	2,744	3,163	3,506	3,861	4,236	4,630	5,041	5,461	5,891	6,329	6,772
growth YoY	[%]	-21%	30%	103%	38%	15%	11%	10%	10%	9%	9%	8%	8%	7%	7%
% of net revenue	[%]	11%	9%	12%	13%	14%	14%	14%	14%	15%	15%	15%	15%	16%	16%
% of merchant revenue	[%]	36%	26%	28%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Personnel	[mn USD]	1,944	2,314	2,465	3,294	3,244	3,404	3,627	3,849	4,072	4,290	4,498	4,696	4,883	5,055
growth YoY	[%]	-14%	19%	7%	34%	-2%	5%	7%	6%	6%	5%	5%	4%	4%	4%
% of net revenue	[%]	28.6%	21.1%	14.4%	15.4%	14%	13%	13%	13%	13%	13%	12%	12%	12%	12%
General and administrative	[mn USD]	581	522	766	1,555	1,045	1,137	1,230	1,325	1,424	1,524	1,623	1,723	1,821	1,917
growth YoY	[%]	-27%	-10%	47%	103%	-33%	9%	8%	8%	7%	7%	7%	6%	6%	5%
% of net revenue	[%]	8.5%	4.8%	4.5%	7.3%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Information technology	[mn USD]	299	412	526	655	715	778	841	907	974	1,042	1,110	1,178	1,246	1,311
growth YoY	[%]	5%	38%	28%	25%	9%	9%	8%	8%	7%	7%	7%	6%	6%	5%
% of net revenue	[%]	4.4%	3.8%	3.1%	3.1%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Other Operating expenses	[mn USD]	1,211	13	(199)	5	0	0	0	0	0	0	0	0	0	0
growth YoY	[%]		-99%	-1631%	-103%	-100%									
% of net revenue	[%]	18%	0%	-1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Financial Result

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Financial result	[mn USD]	(302)	(318)	(172)	123	25	184	306	364	427	488	549	610	671	733
Interest expenses	[mn USD]	(356)	(334)	(391)	(897)	(743)	(710)	(646)	(672)	(699)	(728)	(758)	(789)	(822)	(857)
Interest and dividend income	[mn USD]	54	16	219	1,020	768	894	952	1,036	1,126	1,216	1,307	1,399	1,494	1,590
growth YoY	[%]	165%	5%	-46%	-172%	-79%	626%	66%	19%	17%	14%	13%	11%	10%	9%
% of net revenue	[%]	-4%	-3%	-1%	1%	0%	1%	1%	1%	1%	1%	2%	2%	2%	2%
Other income expense	[mn USD]	1,500	(713)	(1,007)	(477)	(204)	(223)	(241)	(259)	(279)	(298)	(318)	(337)	(356)	(375)
growth YoY	[%]	106%	-148%	41%	-53%	-57%	9%	8%	8%	7%	7%	7%	6%	6%	5%
% of net revenue	[%]	22%	-7%	-6%	-2%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Financial revenues															
BoP Cash and Equivalents	[mn USD]	6,312	10,562	11,127	12,221	12,107	14,091	14,997	16,329	17,739	19,153	20,588	22,052	23,539	25,049
Financial revenues	[mn USD]	54	16	219	1,020	768	894	952	1,036	1,126	1,216	1,307	1,399	1,494	1,590
% of cash	[%]	1%	0%	2%	8%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%

Revenue Breakdown

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net revenue	[mn USD]	6,796	10,958	17,090	21,365	23,308	25,367	27,440	29,570	31,770	34,002	36,223	38,438	40,630	42,780
Merchant revenues	[mn USD]	2,117	3,696	7,193	10,936	12,607	13,974	15,390	16,881	18,455	20,091	21,766	23,481	25,226	26,989
growth YoY	[%]	-45%	75%	95%	52%	15%	11%	10%	10%	9%	9%	8%	8%	7%	7%
% of net revenue	[%]	31%	34%	42%	51%	54%	55%	56%	57%	58%	59%	60%	61%	62%	63%
Agency revenues	[mn USD]	4,314	6,663	9,003	9,414	9,594	10,188	10,746	11,284	11,806	12,296	12,736	13,131	13,473	13,759
growth YoY	[%]	-57%	54%	35%	5%	2%	6%	5%	5%	5%	4%	4%	3%	3%	2%
% of net revenue	[%]	63%	61%	53%	44%	41%	40%	39%	38%	37%	36%	35%	34%	33%	32%
Advertising and other revenues	[mn USD]	365	599	894	1,015	1,107	1,205	1,304	1,405	1,509	1,615	1,721	1,826	1,930	2,032
growth YoY	[%]	-67%	64%	49%	14%	9%	9%	8%	8%	7%	7%	7%	6%	6%	5%
% of net revenue	[%]	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

Depreciation and Amortization

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Depreciation PP&E	[mn USD]	291	259	227	282	286	331	372	412	451	501	536	572	609	647
growth YoY	[%]	-1%	-11%	-12%	24%	2%	16%	13%	11%	9%	11%	7%	7%	6%	6%
% of D&A	[%]	64%	62%	50%	56%	56%	61%	67%	71%	73%	83%	86%	88%	90%	92%
Amortization for intangible assets	[mn USD]	167	162	224	222	222	214	180	170	169	105	89	76	66	56
growth YoY	[%]	-5%	-3%	38%	-1%	0%	-4%	-16%	-6%	-1%	-38%	-15%	-14%	-14%	-14%
% of D&A	[%]	-26%	6%	4%	4%	3%	3%	2%	2%	2%	1%	1%	1%	0%	0%

PP&E and Intangibles

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
BoP PP&E	[mn USD]	738	756	822	669	784	906	1,020	1,128	1,234	1,372	1,466	1,566	1,667	1,770
Capex	[mn USD]	309	325	74	397	408	445	481	518	588	596	635	674	712	750
<i>% of net revenue</i>	[%]	5%	3%	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Depreciation	[mn USD]	(291)	(259)	(227)	(282)	(286)	(331)	(372)	(412)	(451)	(501)	(536)	(572)	(609)	(647)
<i>% of BOP PP&E</i>	[%]	-39%	-34%	-28%	-42%	-37%	-37%	-37%	-37%	-37%	-37%	-37%	-37%	-37%	-37%
<i>% of Capex</i>	[%]	-94%	-80%	-307%	-71%	-70%	-74%	-77%	-80%	-77%	-84%	-84%	-85%	-86%	-86%
<i>% of D&A</i>	[%]	-64%	-62%	-50%	-56%	-56%	-61%	-67%	-71%	-73%	-83%	-86%	-88%	-90%	-92%
EoP PP&E	[mn USD]	756	822	669	784	906	1,020	1,128	1,234	1,372	1,466	1,566	1,667	1,770	1,873

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
BoP Intangible	[mn USD]	1,954	1,812	2,057	1,829	1,613	1,396	1,187	1,012	847	683	583	499	427	367
Capex	[mn USD]	25	407	(4)	6	5	5	5	5	5	5	5	5	5	5
<i>% of net revenue</i>	[%]	0%	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Amortization	[mn USD]	(167)	(162)	(224)	(222)	(222)	(214)	(180)	(170)	(169)	(105)	(89)	(76)	(66)	(56)
<i>% of BoP intangibles</i>	[%]	-9%	-9%	-11%	-12%	-14%	-15%	-15%	-17%	-20%	-15%	-15%	-15%	-15%	-15%
<i>% of Capex</i>	[%]	-668%	-40%	5600%	-3700%	-4440%	-4280%	-3600%	-3400%	-3380%	-2094%	-1788%	-1530%	-1310%	-1125%
<i>% D&A</i>	[%]	-36%	-38%	-50%	-44%	-44%	-39%	-33%	-29%	-27%	-17%	-14%	-12%	-10%	-8%
EoP Intangible	[mn USD]	1,812	2,057	1,829	1,613	1,396	1,187	1,012	847	683	583	499	427	367	316

Working Capital

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Days in the period	[#]	360	360	360	360	360	360	360	360	360	360	360	360	360	360
Net revenue	[mn USD]	6,796	10,958	17,090	21,365	23,308	25,366	27,438	29,569	31,768	34,000	36,221	38,436	40,628	42,778
All expenses	[mn USD]	(7,427)	(8,462)	(11,988)	(15,530)	(15,831)	(16,967)	(18,220)	(19,577)	(20,981)	(22,347)	(23,732)	(25,111)	(26,472)	(27,801)
Change in WC	[mn USD]	281	(921)	(2,773)	(2,204)	(343)	(639)	(708)	(772)	(785)	(802)	(825)	(835)	(838)	(835)
WC	[mn USD]	(1,574)	(2,495)	(5,268)	(7,472)	(7,815)	(8,454)	(9,163)	(9,935)	(10,720)	(11,522)	(12,347)	(13,181)	(14,020)	(14,855)
Cash conversion cycle	[#]	(75)	(111)	(158)	(173)	(176)	(177)	(178)	(179)	(180)	(181)	(182)	(183)	(184)	(185)
Current Assets															
Accounts receivable	[mn USD]	529	1,358	2,229	3,253	3,549	3,862	4,178	4,502	4,837	5,177	5,515	5,852	6,186	6,513
% of net revenue	[%]	8%	12%	13%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Days receivable	[#]	28	45	47	55	55	55	55	55	55	55	55	55	55	55
prepaid expenses	[mn USD]	337	404	477	644	660	707	759	816	874	931	989	1,046	1,103	1,158
% of all expenses	[%]	5%	5%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
Days of prepaid expenses	[#]	16	17	14	15	15	15	15	15	15	15	15	15	15	15
Current Liabilities															
Accounts payable	[mn USD]	735	1586	2507	3480	3547	3802	4083	4387	4690	4995	5305	5613	5917	6214
% of expenses	[%]	10%	19%	21%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%	22%
Days of payable	[#]	36	67	75	81	81	81	81	81	80	80	80	80	80	80
Accrued expenses and other current liabilities	[mn USD]	1382	1765	3244	4635	4725	5064	5438	5843	6250	6657	7070	7480	7886	8282
% of expenses	[%]	19%	21%	27%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Days of accrued expenses	[#]	67	75	97	107	107	107	107	107	107	107	107	107	107	107
Deferred merchant bookings	[mn USD]	323	906	2223	3254	3751	4158	4579	5023	5491	5978	6476	6986	7506	8030
% of net revenue	[%]	5%	8%	13%	15%	16%	16%	17%	17%	17%	18%	18%	18%	18%	19%
% of merchant revenue	[%]	15%	25%	31%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Days of deferred merchant bookings	[#]	17	30	47	55	58	59	60	61	62	63	64	65	67	68

Debt

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Debt															
						1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Gross current debt BoP	[mn USD]	988	985	1,989	500	1,961	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642
Net add in gross current debt	[mn USD]	(3)	1,004	(1,489)	1,461	1,681	0	0	0	0	0	0	0	0	0
Gross current debt EoP	[mn USD]	985	1,989	500	1,961	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642	3,642
% <i>short term</i>	[%]	8%	18%	4%	14%	21%	21%	20%	19%	18%	18%	17%	16%	16%	15%
Gross non-current debt BoP	[mn USD]	7,640	11,029	8,937	11,985	12,223	13,438	14,110	14,815	15,556	16,334	17,151	18,008	18,909	19,854
Net add in gross non-current debt	[mn USD]	3,389	(2,092)	3,048	238	1,215	672	705	741	778	817	858	900	945	993
Gross non-current debt EoP	[mn USD]	11,029	8,937	11,985	12,223	13,438	14,110	14,815	15,556	16,334	17,151	18,008	18,909	19,854	20,847
% <i>long term</i>	[%]	92%	82%	96%	86%	79%	79%	80%	81%	82%	82%	83%	84%	84%	85%
Cash	[mn USD]	10,562	11,127	12,221	12,107	14,091	14,997	16,329	17,739	19,153	20,588	22,052	23,539	25,049	26,580
Net debt	[mn USD]	1,452	(201)	264	2,077	2,989	2,755	2,128	1,459	823	205	(401)	(988)	(1,553)	(2,091)
Gross Debt	[mn USD]	12,014	10,926	12,485	14,184	17,080	17,752	18,457	19,198	19,976	20,793	21,650	22,551	23,496	24,489
EBITDA	[mn USD]	(173)	2,917	5,553	6,339	7,986	8,944	9,771	10,573	11,407	12,259	13,114	13,973	14,831	15,680
Net debt / EBITDA	[x]	(8.4)	(0.1)	0.0	0.3	0.4	0.31	0.22	0.14	0.07	0.02	(0.03)	(0.07)	(0.10)	(0.13)
Gross debt / EBTDA	[x]	(69.4)	3.7	2.2	2.2	2.1	2.0	1.9	1.8	1.8	1.7	1.7	1.6	1.6	1.6
Financial expenses	[mn USD]	(356)	(334)	(391)	(897)	(743)	(710)	(646)	(672)	(699)	(728)	(758)	(789)	(822)	(857)
Implicit interest rate	[%]	-3.0%	-3.1%	-3.1%	-6.3%	-4.4%	-4.0%	-3.5%	-3.5%	-3.5%	-3.5%	-3.5%	-3.5%	-3.5%	-3.5%

Payout

	[Units]	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Net income	[mn USD]	59	1,165	3,058	4,289	5,840	6,690	7,428	8,078	8,750	9,476	10,178	10,880	11,579	12,269
Dividend paid	[mn USD]	0	0	0	0	(1,190)	(1,190)	(2,576)	(3,240)	(3,925)	(9,666)	(10,381)	(11,098)	(11,811)	(12,515)
<i>Payout</i>	[%]	0%	0%	0%	0%	-20%	-18%	-35%	-40%	-45%	-102%	-102%	-102%	-102%	-102%
Repurchase of common stock	[mn USD]	(1,264)	(162)	(6,621)	(10,337)	(6,000)	(6,000)	(5,000)	(5,000)	(5,000)	0	0	0	0	0
<i>Payout</i>	[%]	-2142%	-14%	-217%	-241%	-103%	-90%	-67%	-62%	-57.1%	0%	0%	0%	0%	0%

Highlights

	Units	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Margins																	
Marketing expenses	[%]	34.1%	33.0%	32.1%	34.7%	35.1%	31.7%	30.7%	30.0%	29.6%	29.4%	29.2%	29.0%	28.8%	28.6%	28.4%	28.2%
Sales and other expense	[%]	5.7%	6.3%	11.1%	8.9%	11.6%	12.8%	13.6%	13.8%	14.1%	14.3%	14.6%	14.8%	15.1%	15.3%	15.6%	15.8%
Personnel	[%]	14.1%	14.9%	28.6%	21.1%	14.4%	15.4%	13.9%	13.4%	13.2%	13.0%	12.8%	12.6%	12.4%	12.2%	12.0%	11.8%
General and administrative	[%]	4.8%	5.3%	8.5%	4.8%	4.5%	7.3%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Information technology	[%]	1.6%	1.9%	4.4%	3.8%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Other Operating expenses	[%]	0.0%	0.0%	17.8%	0.1%	-1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
D&A	[%]	2.9%	3.1%	6.7%	3.8%	2.6%	2.4%	2.2%	2.1%	2.0%	2.0%	2.0%	1.8%	1.7%	1.7%	1.7%	1.6%
"Expenses Margin"	[%]	60.3%	61.4%	84.7%	73.3%	68.7%	70.3%	65.7%	64.7%	64.4%	64.2%	64.1%	63.9%	63.8%	63.6%	63.5%	63.3%
EBITDA	[%]	39.7%	38.6%	-2.5%	26.6%	32.5%	29.7%	34.3%	35.3%	35.6%	35.8%	35.9%	36.1%	36.2%	36.4%	36.5%	36.7%
EBIT	[%]	36.8%	35.5%	-9.3%	22.8%	29.9%	27.3%	32.1%	33.1%	33.6%	33.8%	34.0%	34.3%	34.5%	34.7%	34.8%	35.0%
EBT	[%]	33.3%	39.5%	8.3%	13.4%	23.0%	25.7%	31.3%	33.0%	33.8%	34.1%	34.4%	34.8%	35.1%	35.4%	35.6%	35.8%
Net income	[%]	27.5%	32.3%	0.9%	10.6%	17.9%	20.1%	25.1%	26.4%	27.1%	27.3%	27.5%	27.9%	28.1%	28.3%	28.5%	28.7%
Adj. EBITDA	[%]	39.7%	38.6%	15.3%	26.7%	31.3%	32.6%	34.3%	35.3%	35.6%	35.8%	35.9%	36.1%	36.2%	36.4%	36.5%	36.7%

Highlights (2)

	Units	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Invested Capital	[mn USD]	16326	15,568	12,144	11,585	12,390	11,611	10,584	10,870	11,093	11,325	11,586	11,884	12,200	12,530	12,872	13,220
Nopat	[mn USD]	4,416	4,364	(66)	1,985	3,977	4,566	5,983	6,720	7,376	7,994	8,631	9,325	9,993	10,662	11,327	11,983
ROIC	[%]	27%	28%	-1%	17%	32%	39%	57%	62%	66%	71%	75%	78%	82%	85%	88%	91%
Nopat Margin	[%]	30%	29%	-1%	18%	23%	21%	26%	26%	27%	27%	27%	27%	28%	28%	28%	28%
IC turnover	[x]	0.89	0.97	0.56	0.95	1.38	1.84	2.20	2.33	2.47	2.61	2.74	2.86	2.97	3.07	3.16	3.24
Quick Ratio	[x]	2.20	1.68	3.47	2.04	1.81	1.23	1.19	1.19	1.21	1.23	1.25	1.26	1.27	1.28	1.29	1.30
CFO/EBITDA	[%]	93%	84%	8%	96%	122%	106%	84%	88%	89%	89%	89%	89%	89%	88%	88%	88%
EPS	[USD]	84	113	1	28	77	119	180	215	247	276	307	333	357	382	407	431
Net debt/Ebitda	[x]	1.0x	0.4x	-8.4x	-0.1x	0.0x	0.3x	0.4x	0.3x	0.2x	0.1x	0.1x	0.0x	0.0x	-0.1x	-0.1x	-0.1x
Leverage Free Cash Flow	[mn]	5463	4848	420	1014	6376	8140	7915	9134	9993	10822	11599	12461	13299	14130	14952	15760
Market Cap EoP	[bn]	78.5	85.96	91.218	98.521	78.171	123.8										
FCF Yield		7.0%	5.6%	0.5%	1.0%	8.2%	6.6%										

Ke, Kd and Wacc

using the market cap and debt fair value

Debt	15
equity	129
D/E ratio	11.6%
Unleverage beta	0.98
Leverage beta	1.12
ERP	4.6%
Beta * ERP	5.1%
10y treasury bond	4.3%
CRP	0.5%

Tax rate	21.7%
D/D+E	10%
Kd	5.6%
E/D+E	90%
Ke	9.9%
WACC	9.3%

Issuer	Security Type	Ultimate Parent	Seniority	Current YTW
Booking Holdings Inc. (NasdaqGS:BKNG)	Corporate Note	Booking Holdings Inc. (NasdaqGS:BKNG)	Senior Unsecured	5.586

Free Cash Flow to Firm	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Perpetuity
(=) EBIT	7,477	8,399	9,218	9,991	10,788	11,654	12,489	13,325	14,156	14,977	
(-) Tax rate	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	
(=) Nopat	5,983	6,720	7,376	7,994	8,631	9,325	9,993	10,662	11,327	11,983	
(+) D&A	508	545	552	582	620	606	625	648	675	703	
(-) ΔWC	343	639	708	772	785	802	825	835	838	835	
(-) Capex	(413)	(449)	(486)	(523)	(593)	(601)	(640)	(679)	(717)	(755)	
(=) FCFF	6,421	7,455	8,151	8,825	9,443	10,132	10,803	11,466	12,123	12,767	226,969

g
3.5%

WACC
9.3%

Cash for period	6,421	7,455	8,151	8,825	9,443	10,132	10,803	11,466	12,123	239,736
Periods	1	2	3	4	5	6	7	8	9	10

NVP	5,873	6,238	6,239	6,179	6,047	5,935	5,789	5,620	5,436	98,325
-----	-------	-------	-------	-------	-------	-------	-------	-------	-------	--------

Enterprise Value	151,682
Net debt	1,170
Equity Value	150,512
Number of Shares	33.9
Target Price	4,440
Current Price	3,795
Upside	17.0%

10y 35%
p 65%

FCFE	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	P
(=) Net Income	5,840	6,690	7,428	8,078	8,750	9,476	10,178	10,880	11,579	12,269	
(+) D&A	508	545	552	582	620	606	625	648	675	703	
(-) Capex	(413)	(449)	(486)	(523)	(593)	(601)	(640)	(679)	(717)	(755)	
(+/-) WC	343	639	708	772	785	802	825	835	838	835	
(+/-) change in debt	2,896	672	705	741	778	817	858	900	945	993	
FCFE	9,174	8,097	8,909	9,650	10,339	11,100	11,845	12,585	13,320	14,045	227,277
Cash for period	9,174	8,097	8,909	9,650	10,339	11,100	11,845	12,585	13,320	241,323	
NPV	8,347	6,704	6,712	6,616	6,450	6,301	6,119	5,916	5,697	93,923	

Ke	10%
g	3.5%

Equity value	152,786
Number of shares	33.9
Target price	4506.958
Current price	3795
Upside	19%

IRR (5y)

	2024	2025	2026	2027	2028	2029
Net revenue	23,308	25,366	27,438	29,569	31,768	34,000
Net Income	5,840	6,690	7,428	8,078	8,750	9,476
Dividend Paid	1,190	1,190	2,576	3,240	3,925	9,666
Number of Shares EoP	32	31	30	29	28	28
EPS	180	215	247	276	307	333
Dividends per share	35	37	83	108	134	339
Tax rate on dividends	30%	30%	30%	30%	30%	
Cash flow	(3,771)	26	58	75	6,749	
IRR	16.5%					

EXIT P/E

20

Entry P/E

22



IRR (3y)

	2024	2025	2026	2027
Net revenue	23,308	25,366	27,438	29,569
Net Income	5,840	6,690	7,428	8,078
Dividend Paid	1,190	1,190	2,576	
Number of Shares EoP	32	31	30	29
EPS	180	215	247	276
Dividends per share	35	37	83	
Tax rate on dividends	30%	30%	30%	

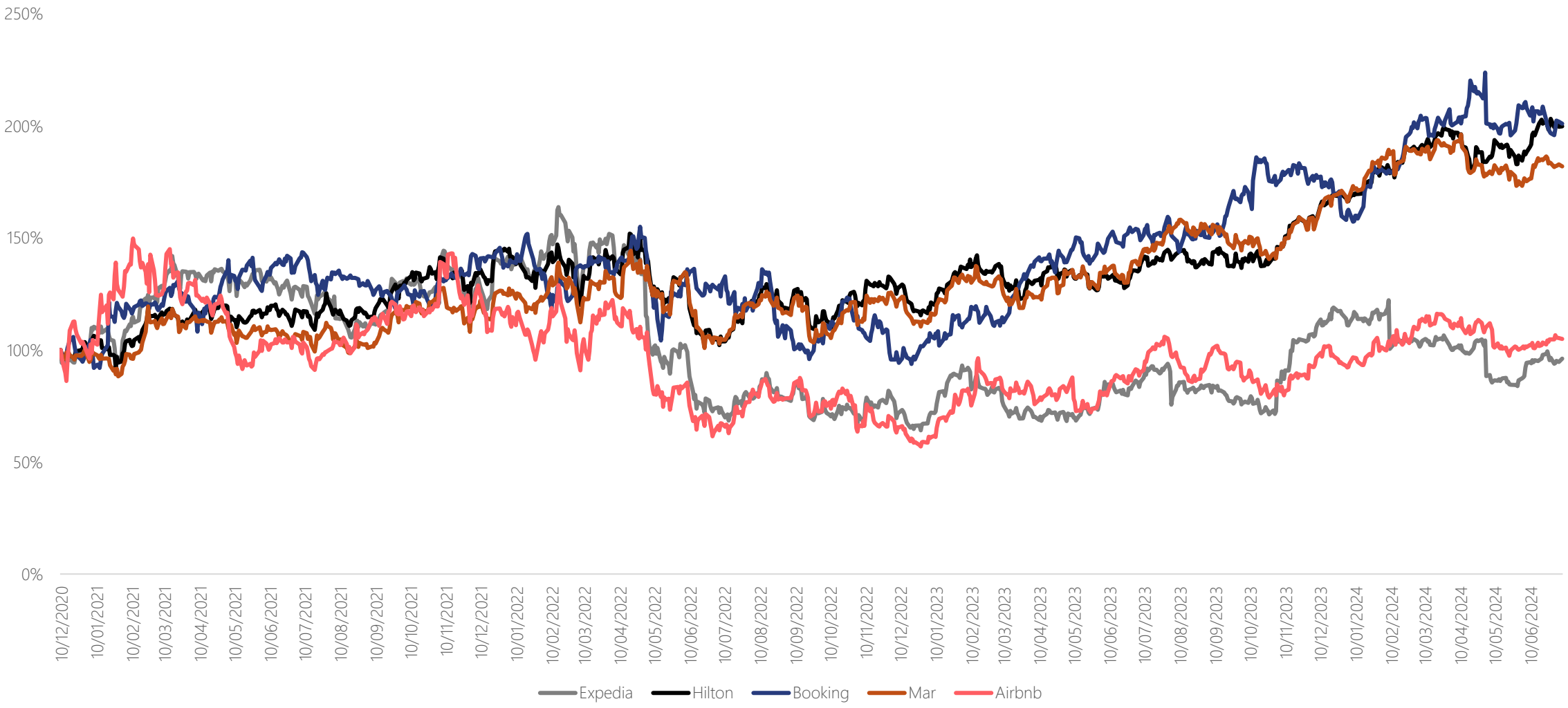
Cash flow (3,771) 26 5,582

irr 22%

Comp Table

Company	Stock listed	Country	Market Cap	Net debt	EV	EV/EBITDA			P/E			PEG			P/B	Revenue CAGR	EBITDA CAGR	EPS Growth	EPS CAGR	ROE
						mn USD	mn USD	mn USD	24E	25E	26E	24E	25E	26E						
Booking	Nasdaq	Netherlands	127,224	1,170	128,394	16	14	13	21.8	19	17				-	9%	16%			-
Booking (consensus)	Nasdaq	Netherlands	127,224	1,170	128,394	16.2	14.4	12.8	21.0	17.8	15.5	1.08	0.91	0.80	-	9%	12%	57%	16%	-
Expedia	Nasdaq	USA	15,103	270	15,373	5.8	5.2	4.8	9.7	7.8	6.5	0.48	0.39	0.32	13.7	7%	9%	82%	22%	74%
Airbnb	Nasdaq	USA	92,471	(8,803)	83,668	21	18	16	32.3	29	25	2.2	2.0	1.7	12.4	12%	13%	-15%	-5%	70%
TUI AG	XTRA	Germany	3,603	5,209	8,812	4	4	4	6.5	5	5	0.3	0.2	0.2	6.2	6%	9%	100%	26%	62%
Hyatt	NYSE	USA	15,081	2,550	17,631	15	14	13	41.4	33	25	-	-	-	4.5	5%	10%	129%	32%	7%
Accor	ENXTPA	France	10,684	2,271	12,955	11	10	9	16.1	16	14	-	-	-	2.6	6%	9%	21%	7%	10%
Global Business Travel Group	NYSE	USA	2,840	963	3,803	8	7	6	-	-	16	-	-	-	2.4	7%	18%	66%	18%	-
IHG	LSE	UK	16,203	2,888	19,091	16	14	13	23.5	21	18	2	1	1	-	6%	9%	26%	8%	-
Hilton	NYSE	USA	51,116	9,891	61,007	18	16	16	28.7	25	21	2	2	1	-	9%	9%	112%	29%	-
Marriot	Nasdaq	USA	68,059	13,079	81,138	16	15	14	24.9	22	19	4	4	3	-	6%	2%	19%	6%	-

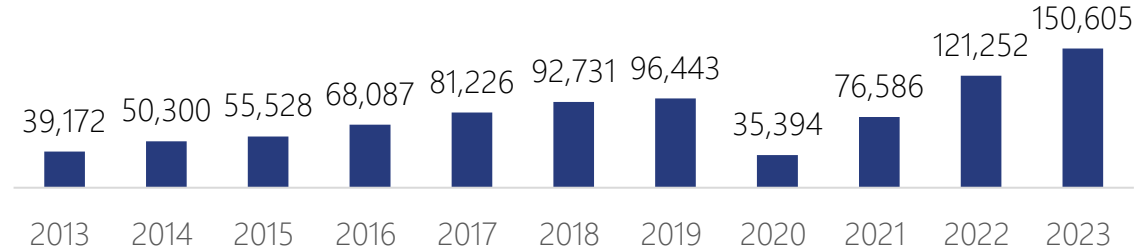
Stock Performance



Base Case vs Historical

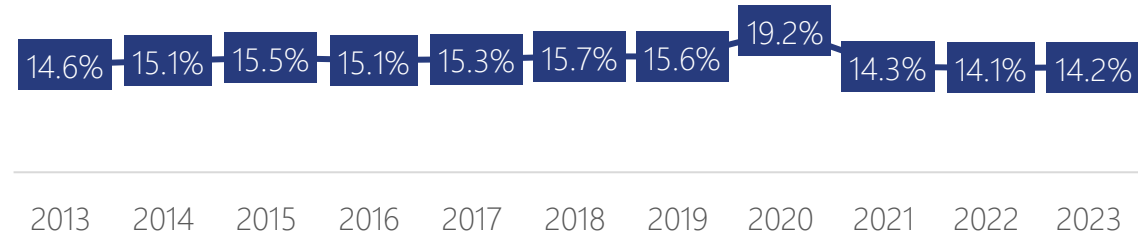
	Base
Gross Bookings CAGR	7.1%
Take Rate	14.3%
Mkt Expenses CAGR	5.9%
IRR	16.5%

Gross Bookings Evolution [USD mn]



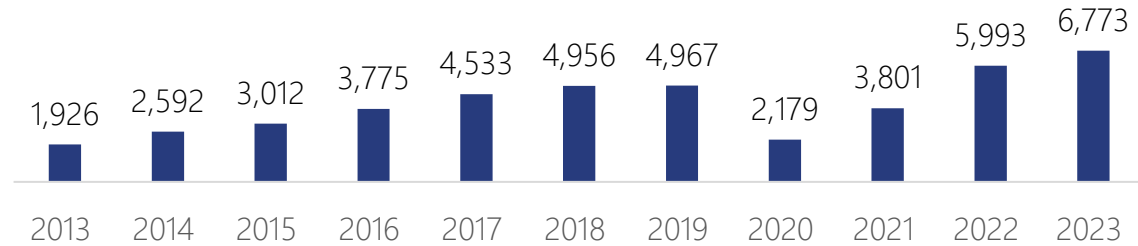
Cagr 13'-23'
14.4%

Take-Rate Evolution



Average 13'-23'
15.6%

Marketing Expenses Evolution [USD mn]



Cagr 13'-23'
13.4%

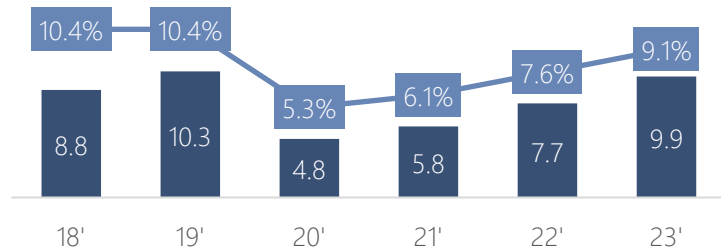
Deep dive into tourism

Tourism was deeply affected by the pandemic but is almost completely recovered... with some changes

An industry **relevant in the world's GDP**, with **consistent growth**...

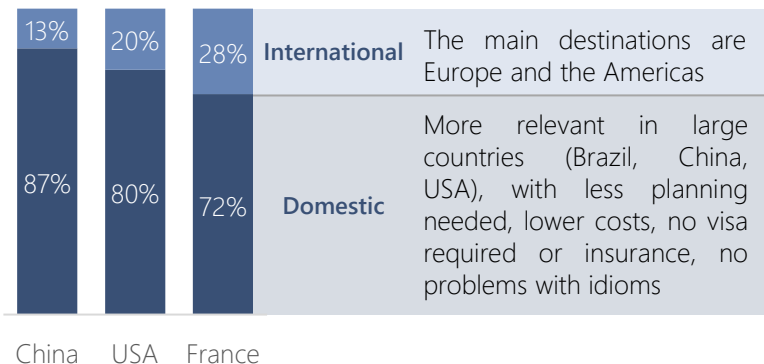
Tourism GDP and relevance over total GDP [USD tn; %]

CAGR Tourism_{13'-19'}: 5.7%
CAGR GDP_{13'-19'}: 2.1%



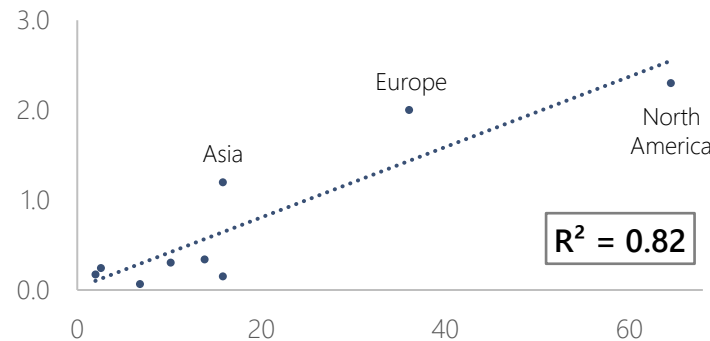
...that is mainly driven by **domestic activities**, even though international has its relevance,...

Tourism breakdown [%]



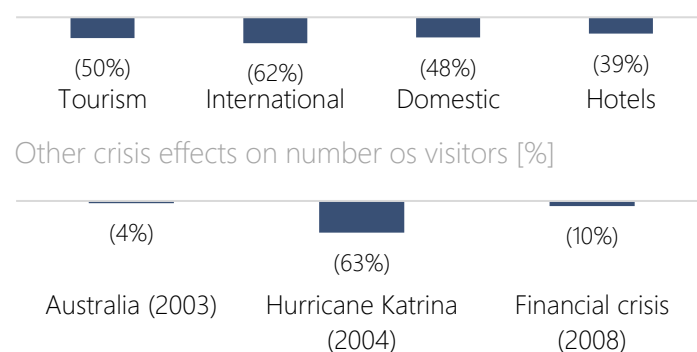
...and in both, regions with **more disposable income** show an **outstanding performance**

Correlation between GDP per capita [USD th] and tourism GDP per region [USD tn]



The industry **suffered from COVID**, since it is very sensible to crisis, but is almost back on track

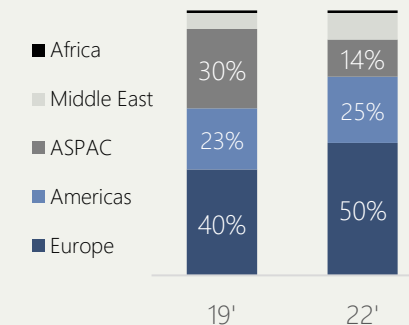
Tourism GDP variation 2019 vs 2020 [%]



Why COVID matters?

The pandemic made **structural changes** in T&T markets, like passenger flow and regional importance,...

Regional international tourism share [%]



Even with an almost complete recovery in 2023 to pre-pandemic levels, **Asia is still struggling** to return to its performance. **Europe**, on the other hand, has made a **faster recovery**, managing to capture even more share

...and for the next years, **trends are headed in favor of the sector's results**, which may retake pre-pandemic levels, but a bit different

Conversation happened April 22nd

"COVID boosted trends that were becoming clear: people give preference to experiences over goods and are willing to spend more. All of this benefits tourism"



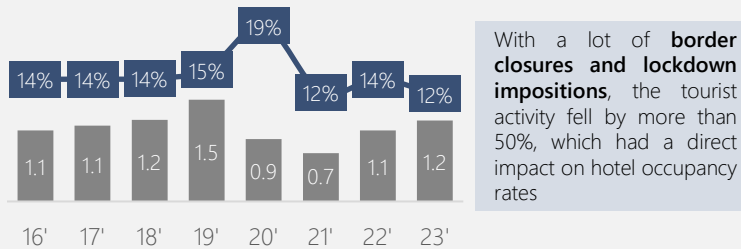
João Annibale - Former Regional CEO at LHW

In travel we trust

Following tourism, the hotel sector has positive prospects for the next years

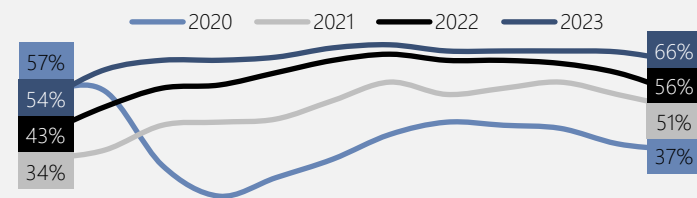
After a complicated crisis, hotels see **better times** coming with a **fast recovery**

Hotel TAM and relevance in tourism [USD tn, %]

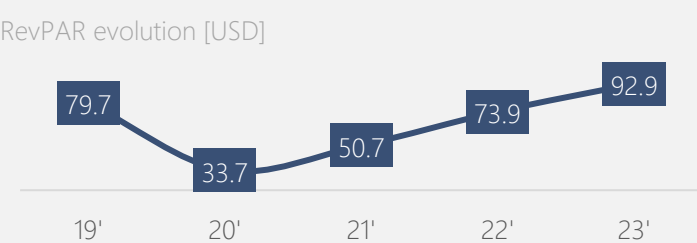


The recovery was driven by a retake in pre-pandemic **occupancy rates** and **RevPAR** levels

Monthly occupancy rate of hotels [%]

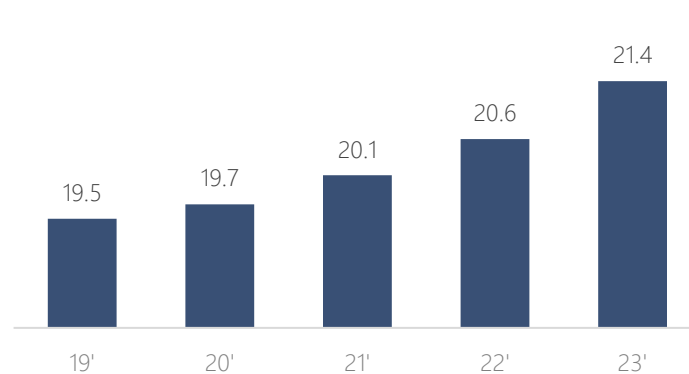


RevPAR evolution [USD]



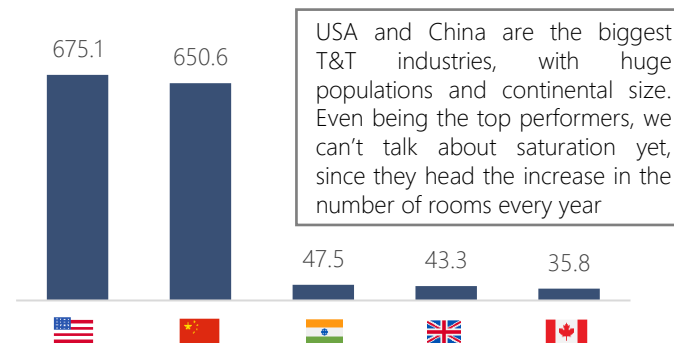
With a **growing number of rooms**, even with the same occupancy, the industry grows...

Global rooms supply [# mn]



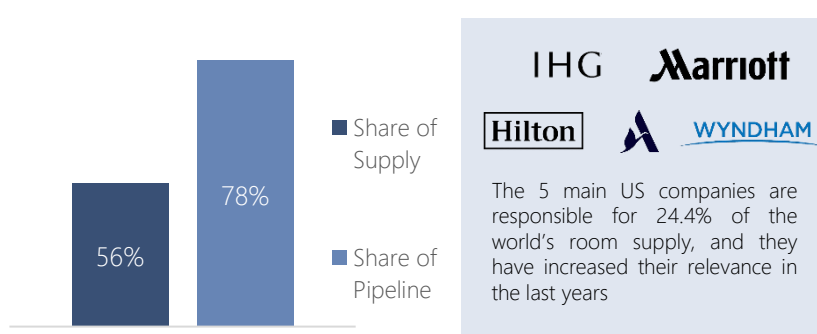
...and the **growth** is focused in countries with a **strong hospitality industry**...

Hotel rooms in construction pipeline in 2022 [# th]



...with **branded hotels as catalysts of this expansion**, dominating the pipeline of room construction

Branded hotels share of global industry and pipeline [%]



Customer captivity

The guarantee of **brand standards** attracts customers who trust in quality and already know what to expect in that brand's hotel. This, together with **strong loyalty programs**, makes **large chains the top choice** for guests independent of the destination

Scale

By having more hotels, large chains can **reduce their cost structure** and boost margins, as well as have better **bargaining power with suppliers and OTAs**. Independent hotels have the massive disadvantage of not being able to scale up to the big brands

But how branded hotels can have a huge scale if having hotels is so expensive and asset-heavy?

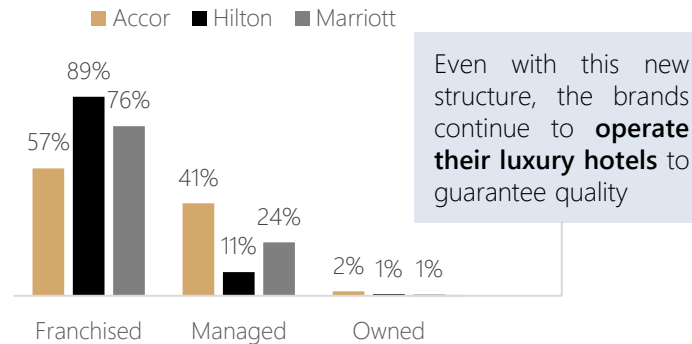


Not a real estate business anymore

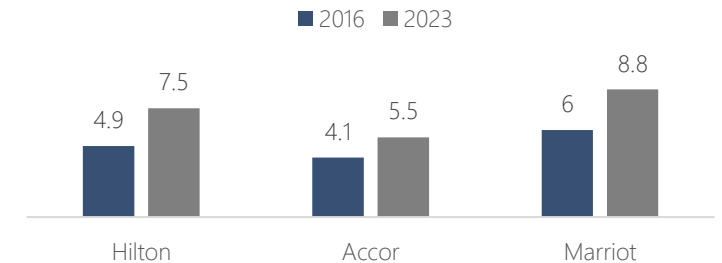
Once a real estate business, hotels changed its course to the franchise business, but was it worth it?

	Responsibility	Revenue	Risks
Owner	Owns the real estate	Hotel's revenue	Financial and operational
Manager	Manages the daily operation	Fee from the owner (management agreement)	Operational
Brand	Manages marketing and guests attraction	Fee from the owner (franchise fee)	Reputation and standard

Moving away from dependence on the real estate market, companies have migrated to **franchises**,...
Hotel business model breakdown in 2023 [%]



...a strategy that has proved **assertive**, leveraging the **expansion of the large chains**
Number of hotels by brand [# th]



Why does the focus was, and it will continue to be in the franchise model?

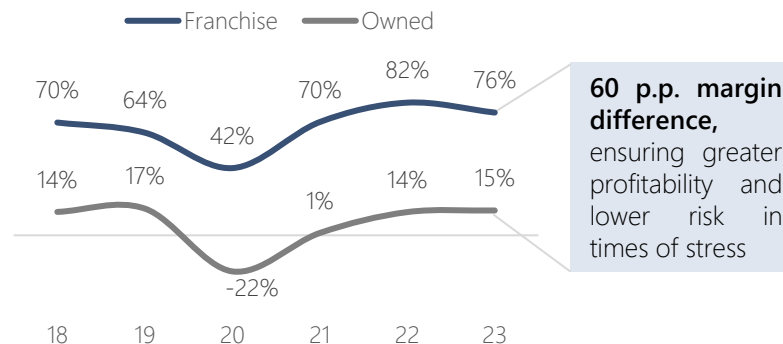
The **traditional** model of building and managing hotels requires a **large capital allocation**...

Hotel opening cost breakdown [USD mn]



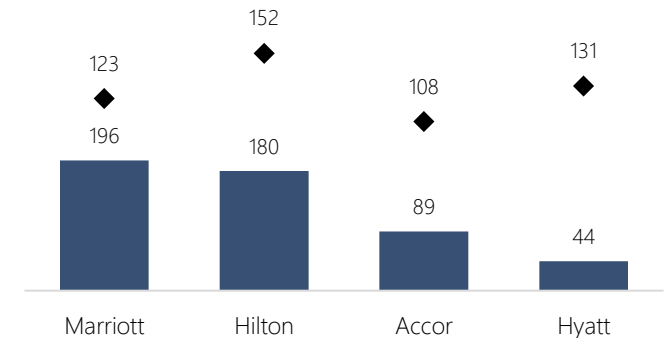
...in addition to scalability, the **franchise** model brings **better margins** compared to the old model

EBITDA margins [%]



But there is no point in increasing capacity without demand, so **loyalty plans support this growth**

Loyalty members and members per room [# mn; #]



The entrance of new players

Airbnb and Booking were created as platforms that could change the sector dynamics, but did they?



2007
Airbnb was created as a platform of short-term house rental



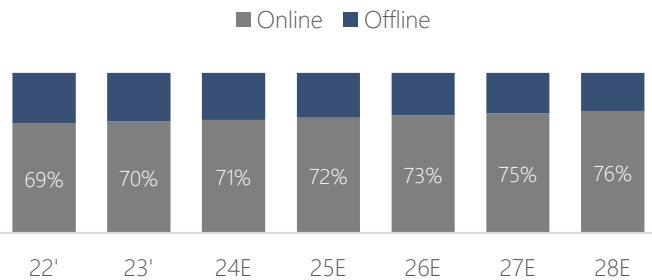
The franchise model allows hotels to earn money just by mediation of their brand between the client and the hotel owner

Is Airbnb a threat to the hotels?

Airbnb uses an asset-light structure to connect the owner and the client, **but isn't that just what the hotels have been doing for years?** Disruption can't happen if the new firm and the old incumbents are operating in the same way...

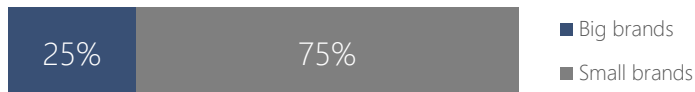
What about OTAs? Can they affect the hotels?

Sales channels in the travel and tourism [%]



The vast majority still need help getting clients, what is made essentially by OTAs

Hotels division by brands worldwide [%]



Visit happened on April 19th

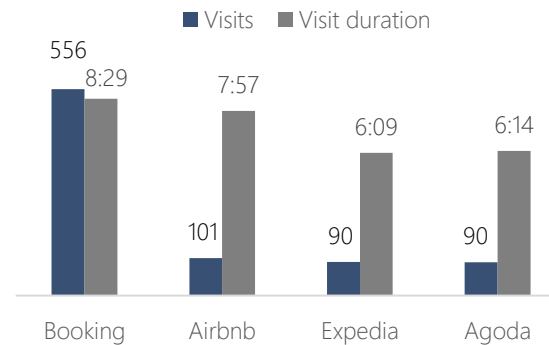


"OTAs are essential for the guest's first contact with the hotel. Afterwards, the ideal is for them to return through the loyalty program, but this doesn't always happen."

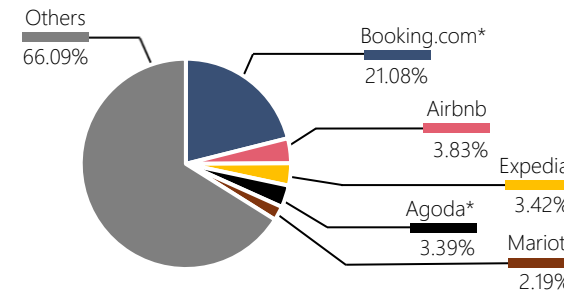
- Guilherme Batista, General Manager at DoubleTree by Hilton

Entering the **OTAs** sector, we see **Booking winning** against its peers with **more visits and time spent** on the website

Monthly visits and average time spent [# mn; min]



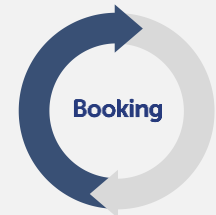
Traffic market share [%]



Network effects

Booking.com has a **clear traffic advantage** and by the substantial difference, the company can benefit from **network effects**

Hotels want to be seen by the higher number of visitors possible



Customers wants to see all offers of available hotels

In markets where network effects are present, the tendency is for the market **to concentrate on the best players**. We believe that company can be Booking in some years

What can we conclude?

We do not see house rentals as a big threat to the hotels. Moreover, we believe that, looking at OTAs, Booking can be a key to creating a **mutualism relation between platform and hotel brands**

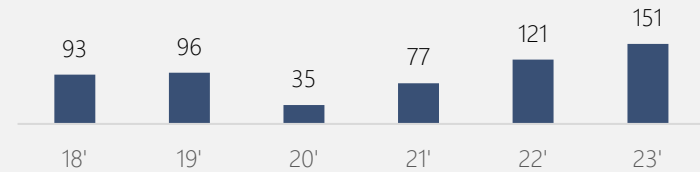


Booking at a glance

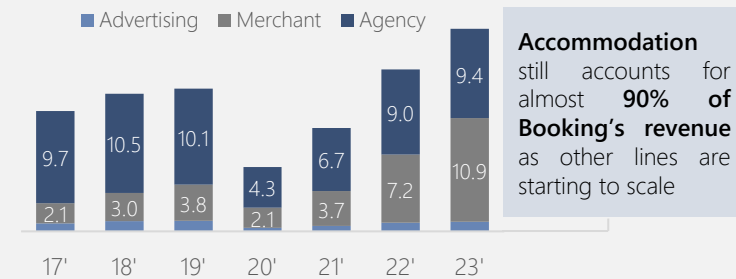
We are seeing a transformation in the sector, with the growth of OTAs. That's why **we chose Booking**

After the Covid crisis, **Booking has already recovered its pre-pandemic numbers**

Gross Bookings [USD bn]

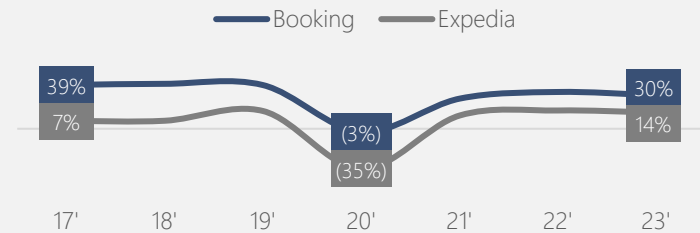


Revenue breakdown [USD bn]



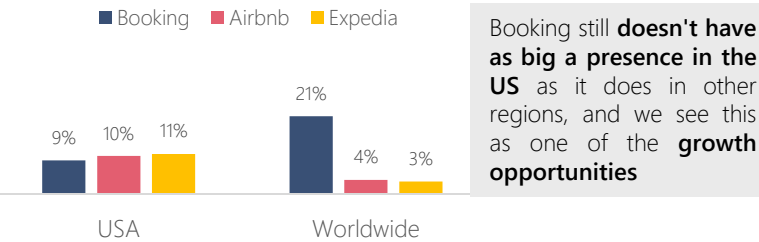
And the company managed **to recover its revenue** while keeping **almost the same margins** after the crisis

EBITDA margin [%]



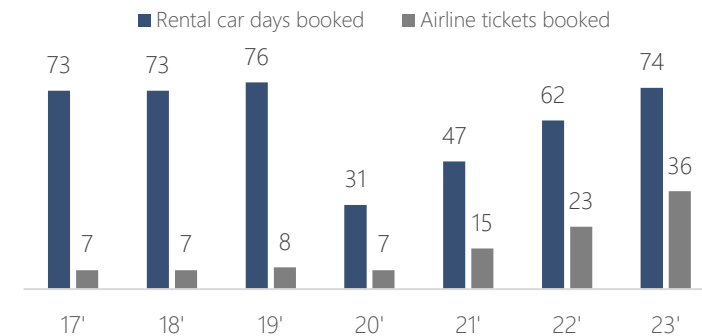
Despite past growth, we still believe in new **levers for generating value**

Market share [%]



We see the connected trip strategy as a great opportunity to **expand TAM** without leaving tourism

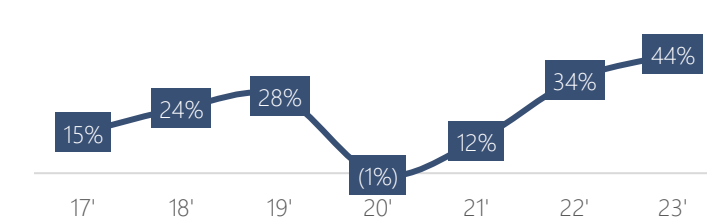
Rental car days booked and Airline ticket booked [# mn]



We see Booking expanding its businesses to complete the travel ecosystem. To maintain its competitive advantages for the long-term and consolidate as the winner in this winner-takes-all sector, **we believe the key factor is to create this interaction between the services in a simple and efficient way to the customer**

Above all, we see a consolidated company with **high returns** and investment know-how...

Booking ROIC [%]

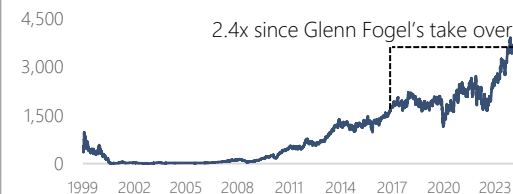


...with an **aligned and proved management** focused on expanding the company's business

CEO 2023 compensation mix [%]



BKNG stock price evolution [USD]



"AI should be able to recreate how you get to the airport; the flight; how you get from the airport when you land to where you're staying... all the things you want to do there."
- **Glenn Fogel, Booking's CEO**

