



## FEATURED OPTIONS RADAR REPORT



### Bulls Stick to Online Travel Leader into Summer Travel Season

**Ticker/Price:** EXPE (\$187)

**Expedia (EXPE)** with a large trade on 3/23 as the August \$170 puts were sold to buy the \$195/\$240 call spreads for around 2000 contracts in a name that has seen massive accumulation of bullish options highlighted by the 4650 June \$170 calls, 7500 January \$160 calls, 6500 April \$160 calls bought on 9/13/21, 4500 April \$175 calls, and 4000 May \$180 calls bought on 3/10. EXPE surged to highs in mid-February but pulled lower with the Ukraine/Russia crisis but have rebounded back above the 200-day moving average and sit on VWAP off the highs. EXPE's breakout at \$180 is one that should measure to the \$240 target of the August spreads so it still has plenty of work left to do as a top reopening/travel beneficiary. EXPE used the downturn to restructure and significantly cut costs and increase marketing efficiency, moves that should pay off in the long-term as bookings recover. EXPE has undergone a big management shift with Barry Diller back taking more control and they expect to unlock value by utilizing more AI/data to analyze customer habits and make more targeted conversions. The shift under Diller is also likely to accelerate those trends towards lower costs and take better advantage of their scale. EXPE currently has a market cap just under \$30B and trades 18X Earnings, 3.45X Sales, 9.7X FCF and 11X FY23 EBITDA. Summer bookings are pacing above 2019 levels as a show of the pent-up demand. Forecasts see EXPE revenues jumping 38% in 2022 with 71% EBITDA growth. Analysts have an average target of \$215 with short interest down to 5% of the float. Deutsche Bank started coverage at Buy on 3/10 with a \$218 target citing the robust demand backdrop and sees EXPE beating Street estimates. Argus raised its target to \$240 in February expecting a strong run in 2022 and 2023 for travel.

#### Hawk Vision:



#### Hawk's Perspective: EXPE

**Confidence Ranking:** \$\$