



## FEATURED OPTIONS RADAR REPORT



### Expedia Bulls Position for Further Upside as 'Reopening' Trade Accelerates

Ticker/Price: EXPE (\$174)

#### Analysis:

**Expedia (EXPE)** size buyers this week in the May \$175 calls, over 4,500 bought on 4/7 up to \$10, a nearly \$5M purchase and follows buyers in the October \$185 calls as well this week. EXPE has been popular with put sales recently including the November \$170, July \$165, and July \$155 strikes. Shares are consolidating in a narrow range under \$180 with a breakout move and continuation targeting \$205. The \$24.2B company trades 29.8X earnings, 4.66X sales, and 7X cash. The company sees 38.5% revenue growth in FY22 and 19% in FY23. EXPE is poised for a strong rebound period as travel demand surges and their home rental business remains undervalued relative to other alternative accommodation names like Airbnb (ABNB). VRBO is not a category leader but it's becoming a strong driver during COVID as an attractive alternative to hotels and EXPE expects it to continue to grow steadily in 2021. EXPE has spent a lot of focus in 2020 on cutting costs and improving their user experience to make acquisitions easier and likely moves that have long-term impact. Analysts have an average target for shares of \$143 and a Street High \$211. Gordon Haskett a Buy rating in late March citing room for both multiple expansion and upward EBITDA revisions for Expedia due to pent-up travel demand along with its a higher-margin business post Covid. "Expedia's dual accommodation platforms appeal to consumers seeking an array of accommodation types, which eliminates the need for consumers to search elsewhere." Short interest is 8.8%. Hedge fund ownership rose 9% in Q4, D1 Capital adding another 2.8M shares while Melvin Capital adding another 1.69M shares and now their top holding.

#### Hawk Vision:



**Hawk's Perspective:** EXPE is positioned well for the reopening / travel surge that is expected this year and above \$178 can make a nice run above recent highs

**Confidence Ranking:** \$\$