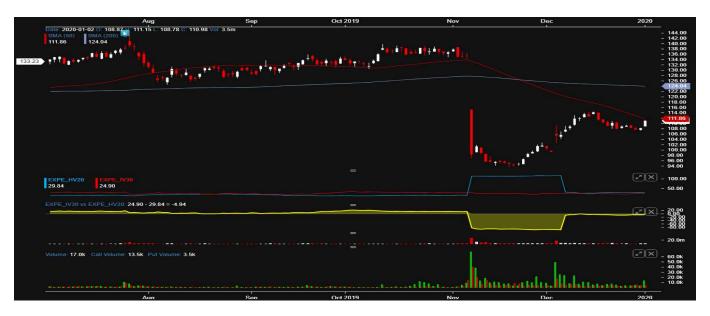
Expedia Calls Buy into Recovery with Diller Taking Active Role

Ticker/Price: EXPE \$111.85

Analysis:

Expedia (EXPE) with 2,250 February \$110 calls bought late yesterday to open for \$6.50 and follows buyers on 12/30 at the strike. EXPE has also seen 16,000 January \$110 calls bought to open into weakness while three different insiders bought stock on 11/25, 12/5, and 12/6 including a \$1.95M buy and a \$2.5M buy. EXPE shares have rebounded from the weakest levels after earnings and now flagging under the gap at \$116 which measures back to \$135. The \$15.94B company trades 15.9X earnings, 1.35X sales, and 16.26X FCF with a 1.25% yield. EXPE is guiding to 13.2% and then 18% EPS growth with revenues up 8.5% each of the next two years. Shares sank on earnings in November after disappointing on core bookings but rebounding in early December after a major shakeup to the c-suite by Barry Diller. The CEO and CFO both departed amid disagreements on strategy with a focus on re-accelerating growth in 2020 key. Diller has also said he'll buy shares in EXPE which he believes has a number of value-add opportunities including potentially a sale of some under-performing units like Trivago. Short interest is 5.7%. Hedge fund ownership rose marginally in Q3. Polar Capital, AQR, and PAR Capital all buyers of note. Analysts have an average target for shares of \$140. Deutsche Bank positive on 12-12 as the analyst sees prospects for sustainably better improvements to the company's fixed cost structure and potential for asset rationalization. RBC lowering their PT to \$125 but buyers on weakness given the attractive valuation.

Hawk Vision:



Hawk's Perspective: EXPE will open weak today with travel under pressure following the Iran news but its shaping up to be an intriguing situational-trade with Diller more involved and potential for strategic action to get it back on track. The insider buying adds a lot of conviction as well.

Confidence Ranking: \$\$