

## Internet/e-Commerce

# Online travel sector market share update, expect converging growth rates in 2024

Price Objective Change

## Market share trends expected to stabilize in 2024

We have updated our room night share estimates for Airbnb, Booking and Expedia, both in hotel & Alternative accommodation (AA) segments. Booking continues to lead on room night growth, though we estimate that Expedia will recover some share (vs Booking) in hotel nights in 2H'23 vs 2H'22. For 2H'23 we estimate Booking total nights up 13%, Airbnb up 13%, and Expedia up 9% y/y and, in 2024, we assume Europe/ROW nights decelerate toward the US and the room night gap in the group closes, with Booking nights up 10%, Airbnb up 12%, and Expedia up 11% y/y (which compare to Street estimates at 9.5% for Booking, 12% for Airbnb, and 10% for Expedia).

## Booking has big AA share gains, EXPE improving in hotels

While comparisons are more difficult due to Expedia's lack of AA disclosure, in 2H23, we estimate Booking will gain AA y/y share (AA nights up 22%E) outpacing Vrbo (-4%E) and Airbnb (+13%E), reflecting both improved inventory execution, marketing spend and a favorable ADR and Intl accommodation mix. Airbnb remains the market share leader with slightly more than 52% estimated AA share in 2023, while Expedia has lost ground on return to urban, US slowdown, re-platforming, and other company specific issues. For hotels, we estimate Expedia's 2H'23 hotel night growth at 12% y/y, outpacing Booking at 9% y/y, though Street seems less bullish on Expedia's B2C night contribution.

## AA industry y/y share gains vs Hotels

Within the industry (as measured by the top-3 Western market Online travel booking platforms), AA bookings have grown to 46% of total nights booked in 3Q23, up from 39% pre-pandemic in 2019. On a 12-month basis AA rooms booked share has improved 1 point to 46% in 3Q23 vs 45% in 3Q22, indicating a relatively strong demand vs hotel room bookings. While the recovery in urban and business travel is aiding hotels, our estimates for Big-3 travel platforms have AA gaining share vs hotel nights in 2024/25.

## Market share conclusions for companies in group

**Airbnb** – Our estimates suggest that Airbnb is giving back some pandemic-aided AA night share gains vs Booking (though the definition of AA nights may differ). We see potential for Europe travel growth to slow towards US in 2024, and expect room night growth more similar to OTA peers. Maintain Neutral on Airbnb given premium valuation.

**Booking** – Data shows strong execution over the TTM and 4Q/2024 estimates for nights could be conservative. However, we continue to expect Europe travel to slow in 2024 and strong competition from Expedia going forward. While we like Booking's market position, with a large EBITDA valuation gap vs history, we prefer Expedia at current levels and maintain Neutral.

**Expedia** – Consistent with our thesis this year, our estimates suggest improving room night share trends vs peers, and we expect the share gap to close further in 2024 as Europe faces a tougher y/y comp and Vrbo benefits from a reduction in geographic and company-specific headwinds. Stock valuation remains attractive on FCF and buybacks are growing, and we are raising our PO to \$161 from \$147 on higher multiples (but still a peer discount), reflecting improving nights trends vs peers. Reiterate Buy.

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OTA – Online Travel Agency

AA – Alternative Accommodation

ADR – Average Daily Rate

TTM – Trailing Twelve Months

## Reviewing 2023 market share trends

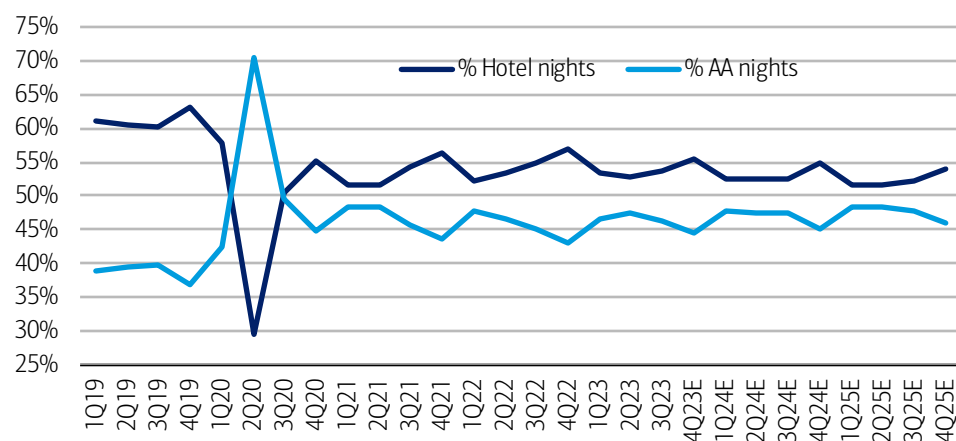
Our analysis reviews booked room night market share of Booking, Expedia and Airbnb, based on our estimates for OTA night split between Alternate accommodation (AA) and more traditional hotel nights. Since the pandemic, AAs have gained popularity among travelers given COVID concerns and AA room nights share continues to remain above 2019 levels, despite recovery in hotel bookings (especially as urban travel recovered).

### Industry update: y/y AA share gains vs Hotels

Within the larger Online travel platform industry (as measured by the top-3 Western market Online travel booking platforms), AA bookings have grown to 46% of total nights booked in 3Q23, up from 39% pre-pandemic in 2019. On a 12-month basis AA rooms booked share has improved 1 point vs 45% in 3Q22, and our estimates have AA gaining share vs hotel nights in 2024.

#### Exhibit 1: Room nights booked share: Hotels vs AA

Share of AA room nights booked (as % of total nights booked) has gone up since 2019



Source: BofA Global Research estimates

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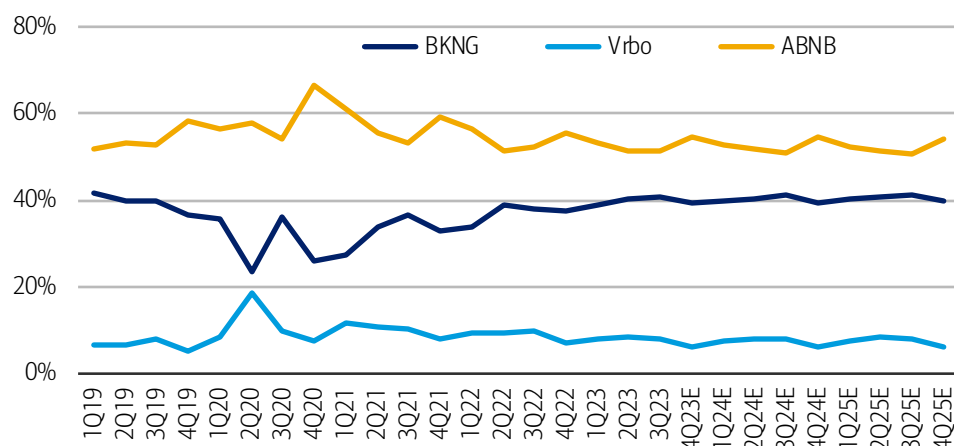
### Recent AA share gains for Booking

Looking back at the top-3 platforms in 1H'19, our estimates suggest, Airbnb captured 52.6% of AA nights booked, vs 40.8% for Booking and 6.6% for Vrbo. After the onset of COVID, we think Vrbo gained share in the category due to its US and whole home centric inventory. By 4Q20, Airbnb's estimated AA room nights booked share jumped to 66%, mostly at the expense of Booking which was seeing more pressure on travel in its stronger Europe and Asia markets. Since early 2021, Booking's AA volumes have recovered with the rebound in Europe & ROW.

The biggest recent change in Global share has been share shift back to Booking at the expense of Vrbo and Airbnb, reflecting better inventory, marketing spend and execution, and an acceleration in travel to the rest of the world (Europe/APAC) vs US. In 3Q Booking's AA nights grew 24% vs 14% for Airbnb, and Booking added more y/y nights in total. In addition to higher US whole home exposure, we think the share loss for Vrbo can also be attributed to company specific issues, such as tech re-platforming. For 2023 we estimate ABNB/BKNG/EXPE night share vs each other at 52.4%/**39.8%**/7.7%, compared to 53.8%/**37.2%**/9.0% in 2022.

**Exhibit 2: AA room nights booked market share**

For 2H'23 we estimate ABNB/BKNG/EXPE night share vs each other at 53%/40%/7%, compared to 55%/38%/7% in 2H'19



Source: BofA Global Research estimates

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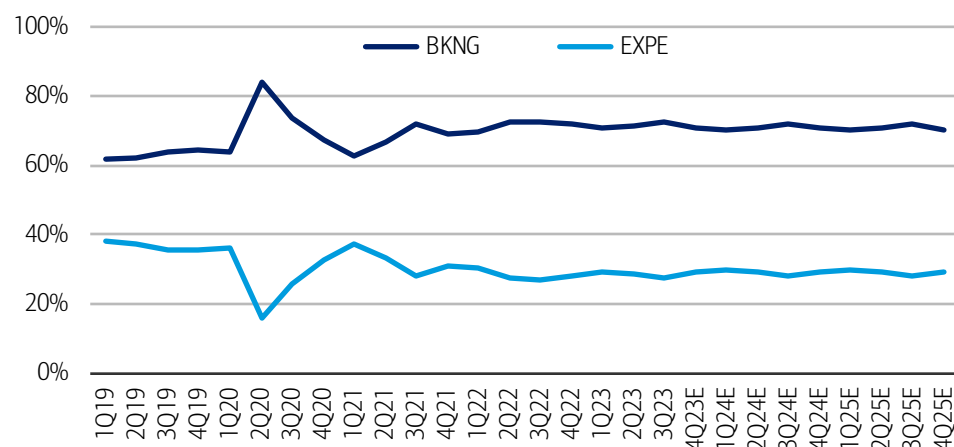
**Hotel share stabilizing after strong run for Booking**

In 1H23, comparing just Booking and Expedia, we estimate Booking's hotel room night share (=Total - AA) increased to 71%, up materially from 62% share in 1H19. On a y/y basis, Booking vs Expedia hotel share was estimated to be stable in 1H23, as we estimate both Booking and Expedia hotel room nights grew 19% y/y.

In 2H23, we expect some recovery for Expedia's hotel market share, with Booking nights estimated to grow by 9% y/y vs Expedia at 12% y/y. Looking forward to 2024, we expect Booking's hotel nights growth to be slightly lower vs Expedia and hotel night market share to stabilize with Booking in around 71% and Expedia around 29%. (We note that Expedia can funnel some incoming traffic to hotel or AA nights, and Expedia is benefitting from strong B2B night growth which may have lower margins, so the Street will likely focus on full company room night comparisons as best measure of relative growth.)

**Exhibit 3: Hotel room nights booked share: BKNG vs EXPE**

EXPE room night share expected to see slight uptick in 2H23 vs 2H22



Source: BofA Global Research estimates

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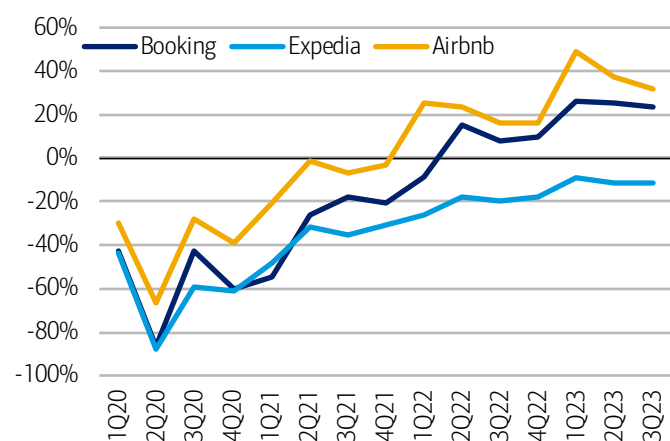
## Significant share losses for Expedia since pre-pandemic

In 3Q23, total booked nights for Expedia were up 9% y/y, compared to Booking at +15% & Airbnb at +14% y/y. However, Expedia reported hotel bookings growth of 14% y/y vs overall lodging bookings growth of 8% y/y, implying decline in AA/Vrbo bookings (partially due to tech re-platforming, Maui fires). While our estimates suggest Expedia has gained y/y hotel market share in 2023, share losses to Booking vs 2019 remain pretty significant.

Exhibit 4 below shows total quarterly nights booked vs 2019 for each company, while Exhibit 5 shows total revenues. For nights booked, Booking has gained ground on Airbnb since 2Q'22, while Expedia trails its peers. For revenues Booking has had less benefit on the revenue side from ADR inflation, and merchandising has been a modest revenue headwind. Since 2Q22, revenue growth divergence has widened between Booking and Expedia, due to slowdown in Vrbo's growth, room night share gains for Booking vs Expedia and strong ADR growth in Europe.

### Exhibit 4: Quarterly total nights booked vs 2019

For nights booked, Expedia trails its peers

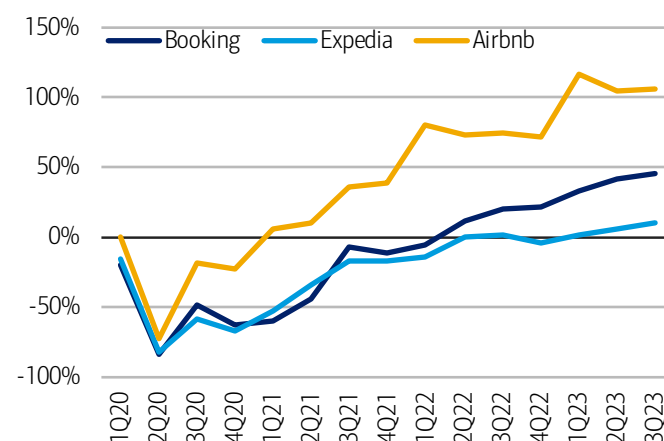


Source: BofA Global Research, company report

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### Exhibit 5: Quarterly total revenue vs 2019

Revenue growth divergence has grown between Booking and Expedia



Source: BofA Global Research, company report

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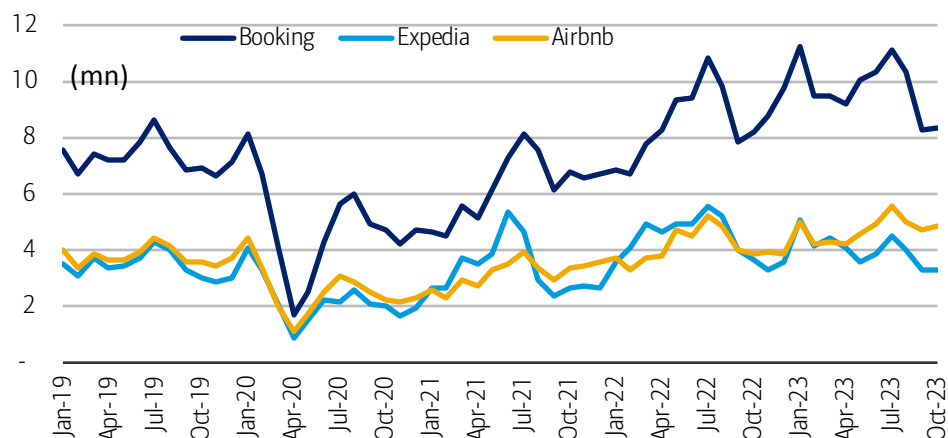
## App data update

App download data (from Sensor Tower) highlights that, for Oct'23, Airbnb group (including HotelTonight) app downloads grew that most at 25% y/y. Booking Holding's group (including Agoda, Kayak, & OpenTable brands) app downloads grew at 2% y/y and Expedia group's (including Vrbo, Hotels.com, & HomeAway brands) app downloads were down 10% y/y. For single platform app downloads, Expedia grew 2% y/y, Booking.com grew 5% y/y, Vrbo app downloads were down -21% y/y and Airbnb downloads were up 23% y/y.

For DAUs, Airbnb DAU growth slowed to +9% y/y (vs. +10% in Sept), Booking DAUs stabilized at 15% y/y and Expedia DAUs grew 20% y/y slowing from 22% in Sept. Vrbo DAUs improved 1pt m/m to a still negative -18% y/y.

**Exhibit 6: App downloads by company group**

Booking Holdings group continues to have most downloads in sector



Source: Sensor Tower

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**Exhibit 7: Sensor Tower: Travel apps Worldwide Downloads and DAU trends**

Airbnb app download growth remained strong in Oct'23

Travel	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23
<b>Airbnb</b>																								
Downloads																								
M/M	4%	5%	2%	-12%	13%	3%	23%	-3%	16%	-8%	-17%	-3%	2%	-2%	30%	-17%	3%	-3%	10%	6%	14%	-10%	-4%	0%
Y/Y	66%	60%	44%	45%	30%	45%	46%	32%	39%	50%	35%	16%	14%	6%	35%	29%	18%	11%	-1%	9%	7%	3%	20%	23%
DAUs																								
M/M	-4%	0%	4%	4%	-1%	7%	2%	2%	8%	2%	-8%	-2%	-6%	0%	14%	0%	2%	6%	0%	3%	9%	-2%	-11%	-3%
Y/Y	41%	38%	45%	40%	24%	32%	13%	5%	6%	9%	12%	13%	10%	10%	21%	17%	19%	19%	17%	18%	18%	14%	10%	9%
<b>Booking.com</b>																								
Downloads																								
M/M	-5%	2%	6%	-3%	17%	8%	10%	1%	19%	-13%	-28%	2%	10%	11%	21%	-14%	3%	-7%	8%	8%	10%	-9%	-22%	-3%
Y/Y	60%	40%	47%	52%	48%	70%	46%	20%	23%	15%	8%	6%	23%	34%	53%	35%	19%	2%	0%	6%	-2%	2%	10%	5%
DAUs																								
M/M	-8%	-3%	7%	4%	3%	10%	0%	7%	10%	1%	-17%	-4%	-5%	2%	12%	-1%	3%	5%	0%	5%	12%	1%	-14%	-4%
Y/Y	97%	85%	96%	85%	80%	92%	38%	20%	11%	10%	8%	7%	11%	17%	23%	17%	17%	11%	11%	9%	11%	11%	15%	15%
<b>Expedia</b>																								
Downloads																								
M/M	4%	-8%	17%	21%	26%	6%	21%	11%	14%	-4%	-22%	-9%	-12%	6%	27%	-6%	10%	-9%	-10%	13%	16%	-9%	-13%	-2%
Y/Y	84%	63%	63%	95%	58%	48%	63%	40%	71%	121%	126%	86%	58%	83%	100%	54%	34%	15%	-14%	-13%	-11%	-16%	-6%	2%
DAUs																								
M/M	-3%	0%	4%	2%	4%	5%	3%	6%	6%	4%	2%	2%	1%	1%	4%	1%	2%	3%	-1%	4%	3%	0%	0%	0%
Y/Y	53%	60%	69%	66%	38%	38%	21%	13%	12%	19%	32%	40%	46%	47%	48%	46%	43%	40%	35%	33%	29%	24%	22%	20%
<b>Vrbo</b>																								
Downloads																								
M/M	-7%	12%	76%	15%	25%	-15%	-11%	-7%	10%	-16%	-29%	-7%	-5%	26%	75%	-34%	5%	-8%	-19%	7%	12%	-15%	-24%	-5%
Y/Y	16%	6%	15%	38%	33%	44%	36%	11%	37%	69%	44%	14%	16%	30%	29%	-26%	-38%	-32%	-39%	-29%	-28%	-27%	-22%	-21%
DAUs																								
M/M	-7%	1%	15%	16%	19%	9%	4%	2%	2%	-5%	-10%	-6%	-7%	-2%	12%	-3%	4%	2%	-5%	1%	-2%	-6%	-7%	-5%
Y/Y	10%	10%	17%	27%	33%	43%	44%	39%	48%	52%	45%	42%	41%	37%	34%	11%	-2%	-9%	-17%	-18%	-21%	-21%	-19%	-18%

Source: Sensor Tower

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### Some notes on our assumptions.

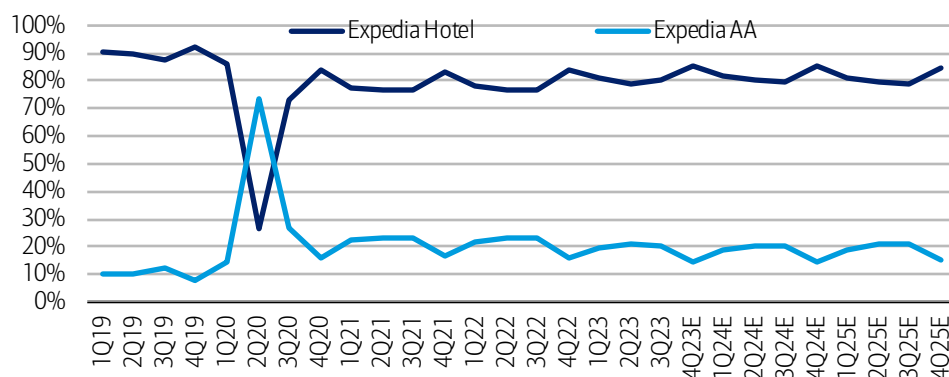
**Expedia:** In 3Q23, Expedia room nights grew 9% y/y, compared to Booking at +15% y/y and Airbnb at +14% y/y. Expedia disclosures suggested that hotel nights booked in 3Q grew around 15% y/y (hotel bookings were up 14% y/y and ADR decline of around 1%). We estimated VRBO nights down about 5% in 3Q assuming VRBO represented 20% of total nights in 3Q.

As AA room nights are generally not disclosed, for Vrbo (Expedia's AA business), we start with Expedia's disclosures from 2019 and utilize AirDNA data to help estimate AA room night growth since 2019, but make adjustments given Expedia's quarterly disclosures. In 2022, we estimate that Vrbo's room nights booked were up 24% y/y, while Expedia's hotel nights were up 26% y/y (overall Expedia's booked room nights reported at +26% y/y). We assume 2022 Vrbo growth to be lower vs hotel growth on shift to urban travel and relative recovery in hotel business. Our estimates suggest that Vrbo's share vs Hotels in Expedia's total room night mix in 2022 was at 21:79, with Vrbo share increasing significantly from 10% in 2019.

In 2023, we assume Vrbo nights will be flattish y/y (with re-platforming, Maui fires and urban travel recovery), and the ratio of Vrbo nights to hotel nights will fall to 19:81. For 2024/25, we expect Vrbo share to improve as it laps weak comps, recovers from re-platforming competition and benefits from inclusion in Expedia's loyalty program (One Key).

#### Exhibit 8: EXPE: Hotel vs AA room nights booked est

Expedia AA share in 2023 estimated at close to 19% vs 21% in 2022



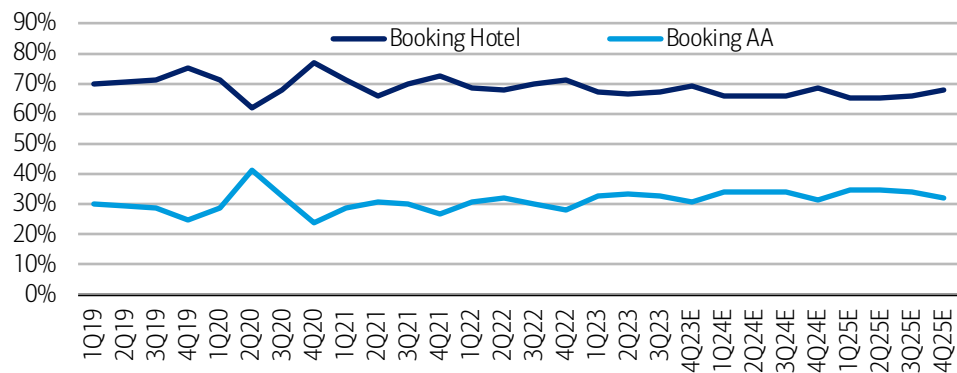
Source: BofA Global Research estimates

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**Booking:** In 3Q23, Booking disclosed that around 33% of total room nights booked were Alternate accommodation. This proportion has increased from 30% in 3Q22 and 29% est for all of 2019. For Booking's AA room nights booked in 2H'23, we estimate a growth of 22% y/y, vs 9% growth in hotel nights. In 2023, our estimate suggests Booking's AA nights booked share of 32% vs 30% in 2022. We estimate Booking's AA percentage to further grow vs its hotel room nights in 2024/2025.

**Exhibit 9: Booking: Hotel vs AA room nights booked est.**

Booking's AA share now close to 33% vs 29% in 2019



Source: BofA Global Research estimates

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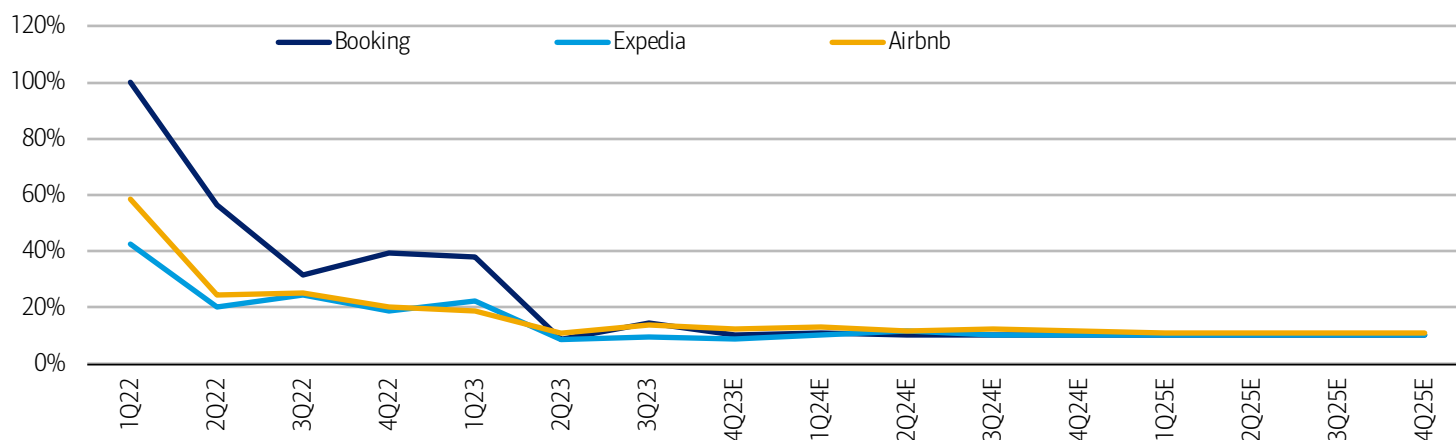
**Airbnb:** In 3Q'23 Airbnb's (assumed entirely AA) room nights booked were up 14% y/y, vs Booking AA nights estimated growth of 24% and Vrbo nights growth estimated at - 5% y/y.

## A look forward to 2024

Our 2023 estimates assume normalized double digit room night growth with Booking's room nights growing at 17% y/y, Expedia at 12% y/y and Airbnb at 14% y/y. We expect some further moderation in 2024 growth rates as strong "post-COVID revenge" International travel trends fade. We also expect somewhat better room night growth rate trends for AA (and Airbnb) vs hotel centric OTAs.

### Exhibit 10: Quarterly room nights booked (y/y growth)

Mid-double digit growth estimated for 2023/24



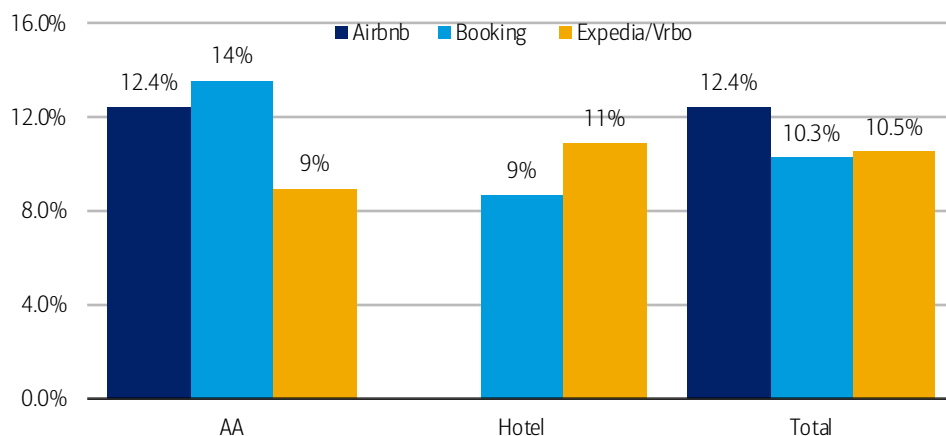
Source: BofA Global Research estimates, company report

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Specifically, for 2024, we estimate Booking AA nights up 14% and total nights up 10.3% y/y, Airbnb up 12% y/y, and Expedia total nights up 10.5% y/y.

### Exhibit 11: Nights booked 2024 growth (y/y %) for hotel, AA and total for all 3 platforms

We expect AA growth to outpace Hotel growth in 2024 as well



Source: BofA Global Research estimates

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## Travel themes for 2024

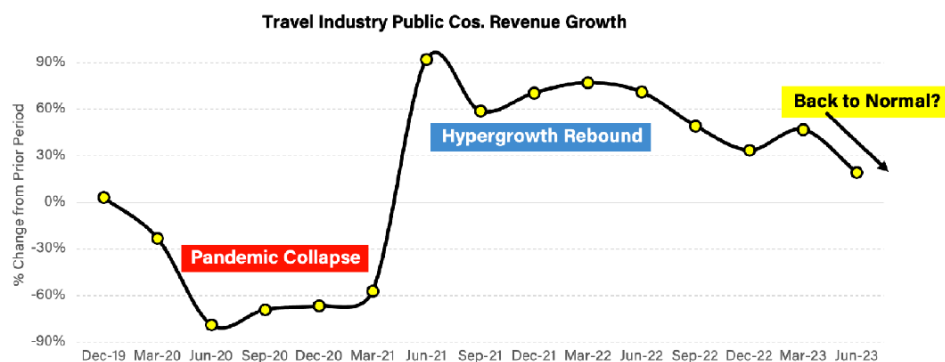
In addition to consumer macroeconomic environment, we see the following trends potentially impacting the sector in 2024.

**AI integrations and enhancements:** The top 3 online travel companies are all looking to expand their AI capabilities, with both [Booking](#) and [Expedia](#) (see notes) already having launched their respective AI-driven trip planning chatbots. For Airbnb, we would expect some new AI features in 2024 (Airbnb recently acquired GamePlanner.AI), to improve platform experience. We expect growing AI focus from the industry, and new competition from Google travel and ChatGPT who also venturing into AI-driven trip planning. Google has recently released an updated version of the Bard generative AI chatbot that includes extensions with real-time travel data for flights and hotels. The debate continues on who is best positioned for AI use in travel (search vs OTAs); we think, with LLM models potentially being more commoditized, OTA's inventory, data and loyalty discount advantages make the OTA sector well positioned for use of AI in travel planning.

**Travel trends normalizing:** In 2024 we see potential for nights and ADR moderation in high growth areas (Europe and ROW), which we think will slow toward US growth rates. According to Skift research (Exhibit 13), growth trends (demand and revenue) are beginning to normalize after the post-pandemic “revenge travel” peak.

### Exhibit 12: Travel trends going back to normal

The peak of post-pandemic travel sector rebound may be behind us

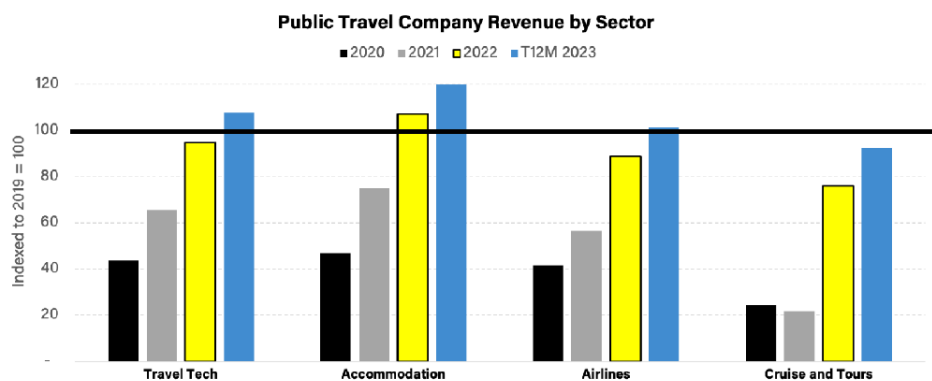


Source: Skift Travel 200. Data as of September 2023

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### Exhibit 13: State of travel sub-sector recovery by year end

Most travel sub-sectors will be close to fully recovered by 2023 year end



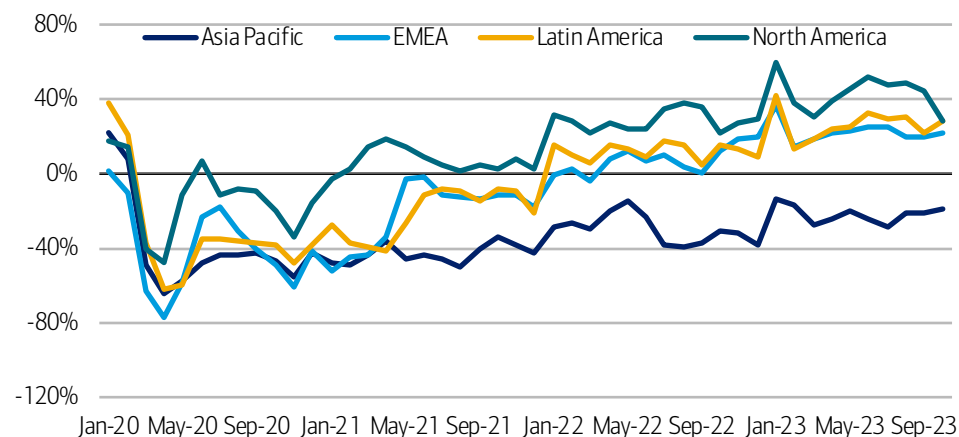
Source: Skift Travel 200. Data as of September 2023

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**Asia still a bright spot for travel:** According to AirDNA's October data for Airbnb, nights booked in APAC had the most y/y growth at 16% vs 26% in Sept, but vs 2019 nights were still 19% below Oct'19. While post-pandemic recovery has been slower for APAC vs RoW, we expect the last leg of recovery to carry on in 2024.

**Exhibit 14: AirDNA data estimates: Airbnb regional nights booked growth vs 2019**

APAC recovery lags other regions



Source: AirDNA

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**Regulatory headwinds:** Airbnb and the short-term rental industry has been in news over tightening regulatory environment across major countries/cities. Regulation was a theme at the Skift Global Forum (travel conference), the two issues discussed were Booking's potential acquisition of Etraveli being blocked by EU Commission and New York City's strict regulations on Short-term rentals.

1. Booking on EU blocking Etraveli acquisition: According to Booking they have been in active partnership with Etraveli for several years for their flight product and questions the regulator's concerns (acquisition could boost Booking's share in the OTA hotel market by 1-3%). Booking mgmt. said they will appeal in the courts and expect a decision in their favor eventually.
2. Airbnb on NYC ruling: Airbnb CEO indicated that the company has constantly updated their product to suit the regulatory environment on taxes, anti-partying, changing number of nights/year to be rented. However, they have been unable to find solutions with NYC regulators. Airbnb CEO further suggested changes in NYC could lead to higher hotel prices and also higher home rents (as many people depended on short-term rentals for additional income). Despite a potentially negative impact on tourism, Canada appears to upping its focus on short-term rental regulation in 2024 with new laws taking effect in May. We expect changes on Airbnb and possibly VRBO to be more accommodative of longer-term rentals in impacted regions.

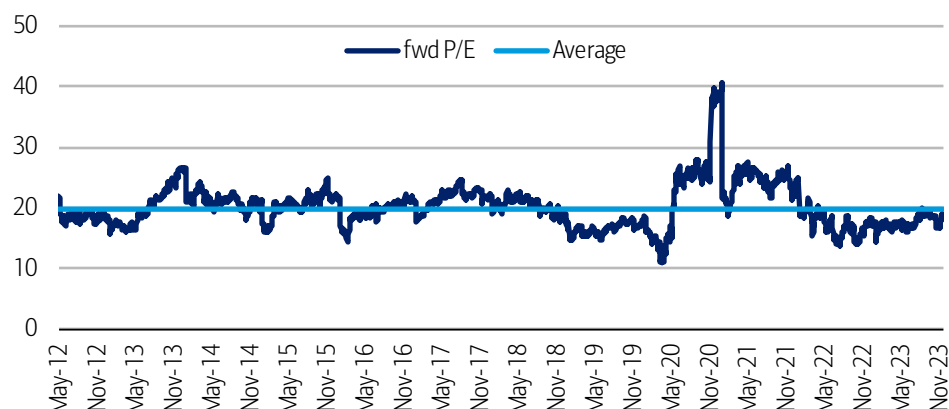
# Valuation Update

## Booking: Maintain PO of \$3,300; Neutral

Our Booking's PO at \$3,300 is based on an 19x multiple of 2024 non-GAAP EPS estimate of \$171, plus cash, which compares to a historical 10-year range of 10-24x (excluding pandemic surge). At the current \$3,158 stock price (20<sup>th</sup> Nov), stock is valued at around 19x our 2024 GAAP EPS (and 18x our non-GAAP EPS), which is in-line with the S&P at around 18.6x cons. 2024 EPS.

### Exhibit 15: BKNG forward consensus P/E

BKNG is currently trading close to its historical average forward P/E multiple



Source: BofA Global Research, Bloomberg

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## Expedia: increase PO to \$161 from \$147; Buy

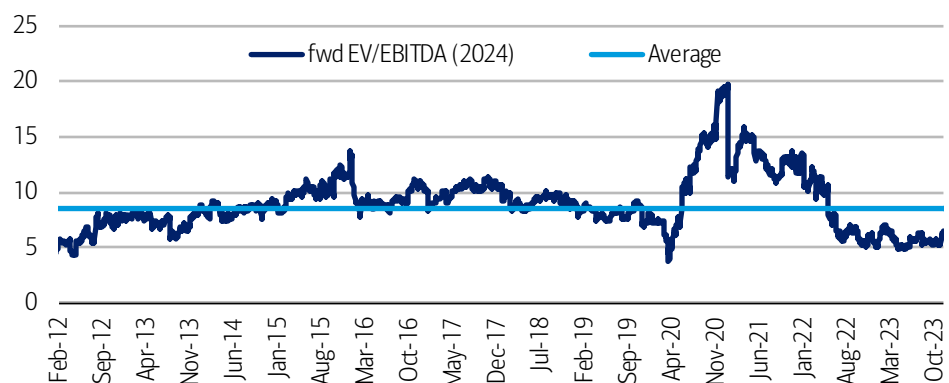
We increase our Expedia's PO to \$161 (from \$147) on higher multiples (but still discount to Booking), reflecting improving nights trends vs peers. We use a 50-50 blend of P/E at 13x 2024E non-GAAP EPS (vs 12x prior) and 8x 2024E EBITDA (vs 7.5x prior). Our PO implies 17x our 2024 GAAP EPS est. and stock currently trades at 14x.

At the current \$135 stock price (20<sup>th</sup> Nov), stock is valued at 7x consensus 2024 EBITDA estimate (Bloomberg) vs a 4-13x (excluding pandemic surge) average range over past 10 years, and 11x consensus non-GAAP 2024 EPS vs average range of 6-23x over past 10 years.

(Note: Bloomberg EV estimate may be impacted by different net debt definitions.)

### Exhibit 16: Expedia forward consensus EV/EBITDA

Expedia is trading much below its historical mean multiple



Source: BofA Global Research, Bloomberg

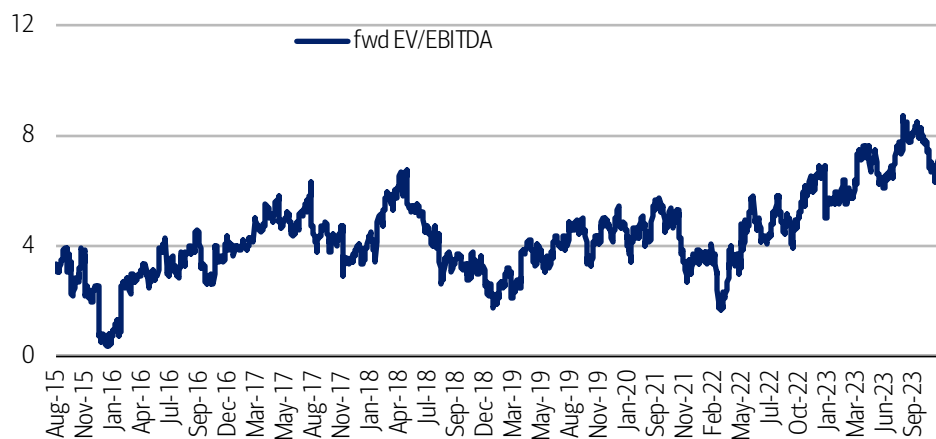
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Versus Booking, Expedia's trades at 7x 2024 EBITDA, which is a 6.6pt gap to Booking at 13.6x.

#### Exhibit 17: Historical premium in valuation for BKNG vs EXPE

BKNG's valuation premium to EXPE has been elevated due to share losses



Source: BofA Global Research, Bloomberg

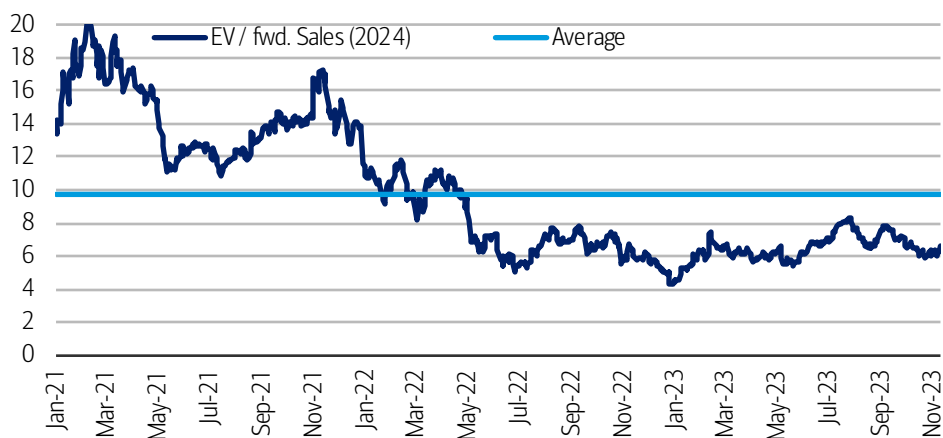
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### Airbnb: Maintain PO of \$132; Neutral

Our Airbnb's PO of \$132 is based on 19x 2024E EBITDA (represents 7x 2024E revenue). At the current \$130 stock price (20<sup>th</sup> Nov), the stock is trading at 19x Street '24 EBITDA, a premium to Booking at 13.6x and Expedia at 7x '24 EBITDA. With room night growth potentially converging toward peers, we maintain our Neutral rating.

#### Exhibit 18: ABNB: forward consensus EV/Sales

Forward valuations have declined since IPO, with average now close to 10x

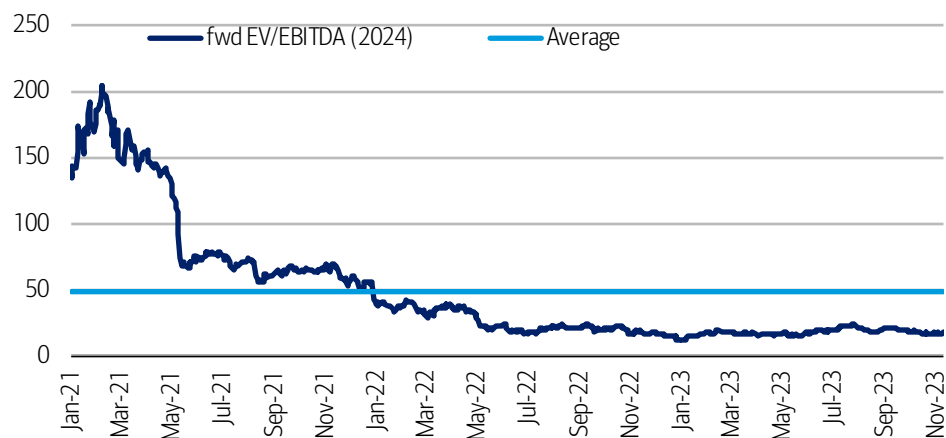


Source: BofA Global Research, Bloomberg

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**Exhibit 19: ABNB: forward consensus EV/EBITDA**

Forward valuations have declined since the IPO, with average now closer to 50x



Source: BofA Global Research, Bloomberg

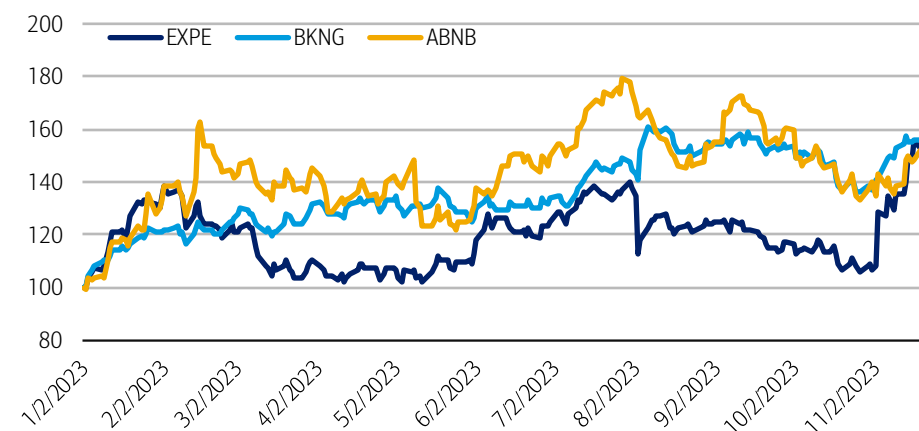
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**YTD Stock price performance**

Following 3Q results, Expedia has outperformed and has closed the gap between peers for YTD performance, up 52% YTD, vs Booking at 56% and Airbnb 53% YTD.

**Exhibit 20: YTD stock performance: EXPE, BKNG and ABNB**

Expedia stock performance has caught up



Source: BofA Global Research, Bloomberg

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**Exhibit 21: Stocks mentioned**

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ABNB	ABNB US	Airbnb	US\$ 129.7	C-2-9
BKNG	BKNG US	Booking Holdings	US\$ 3157.94	B-2-9
EXPE	EXPE US	Expedia	US\$ 134.9	C-1-8

Source: BofA Global Research

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**Price objective basis & risk****Airbnb (ABNB)**

Our \$132 price objective is based on 19x 2024 EBITDA (representing 7x 2024 revenue). This multiple is at the higher end of our Marketplace comp group range reflecting still early alternative accommodation market penetration, category leadership, and significantly higher margins and FCF generation than most peers.

Risks are: 1) multiple compression given high relative valuation, 2) potential for increased competition from direct competitors driving up marketing spend, 3) growth or margin improvement below expectations on declining ADRs, and 4) slowing growth as post-pandemic travel surge stalls.

**Booking Holdings Inc (BKNG)**

Our price objective is \$3,300, based on 19x our 2024E EPS + Cash. Historically Booking Holdings' multiple range is 10-24x. We think a forward P/E multiple premium to some travel peers is appropriate given higher quality of non-GAAP earnings that includes SBC expense, and strong FCF generation.

Risks to estimates and PO are: 1) a global economic downturn or Global conflicts that reduce travel activity, 2) competition for traffic from Google lowering growth or margins, 3) hotels favoring their own distribution channels, 4) FX volatility, and 5) increased competition from Expedia, TripAdvisor, Trip.com, and Airbnb. The stock has been subject to heavy volatility in the past based on travel disruptions and this volatility could increase due to greater economic uncertainty.

**Expedia (EXPE)**

Our \$161 PO is based on a 50-50 blend of P/E and sum-of-the-parts valuations based on 2024 estimates. Our sum-of-the-parts valuation is based on a 8x EBITDA, and separate values for Trivago and assets. Our P/E valuation is based on 13x EPS. Our P/E multiple is within Expedia's historical ranges of forward EPS and a discount compared to Booking valuation given use of non-GAAP EPS.

Downside risks to our PO are 1) economic downturn or prolonged new wave virus outbreak leading to fewer travel bookings, 2) competition traffic lowering the company's growth or margin opportunity, 3) more aggressive hotel direct booking initiatives 4) Google disintermediation, and 5) slowdown in VRBO growth post-pandemic.

**Analyst Certification**

I, Justin Post, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.



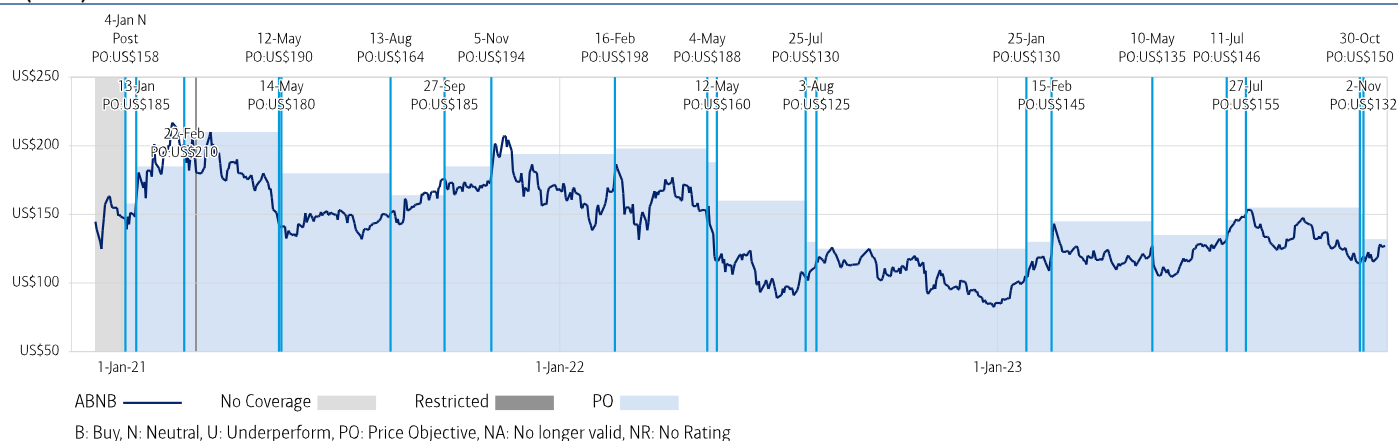
## US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Expedia	EXPE	EXPE US	Justin Post
	LegalZoom	LZ	LZ US	Michael McGovern
	Match Group	MTCH	MTCH US	Curtis Nagle, CFA
	Meta Platforms Inc	META	META US	Justin Post
	Pinterest	PINS	PINS US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Squarespace, Inc.	SQSP	SQSP US	Michael McGovern
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Udemy Inc	UDMY	UDMY US	Curtis Nagle, CFA
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
<b>NEUTRAL</b>				
	ACV Auctions	ACVA	ACVA US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Beyond Inc	BYON	BYON US	Curtis Nagle, CFA
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Bumble	BMBL	BMBL US	Curtis Nagle, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	Duolingo	DUOL	DUOL US	Curtis Nagle, CFA
	eBay	EBAY	EBAY US	Justin Post
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Instacart	CART	CART US	Justin Post
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
<b>UNDERPERFORM</b>				
	Chewy Inc	CHWY	CHWY US	Curtis Nagle, CFA
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA
	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA
<b>RSTR</b>				
	Uber	UBER	UBER US	Justin Post

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**Airbnb (ABNB) Price Chart**

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**Booking Holdings (BKNG) Price Chart**

The picture can't be displayed.

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**Expedia (EXPE) Price Chart**

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**Equity Investment Rating Distribution: Technology Group (as of 30 Sep 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	204	51.52%	Buy	104	50.98%
Hold	95	23.99%	Hold	45	47.37%
Sell	97	24.49%	Sell	27	27.84%

**Equity Investment Rating Distribution: Global Group (as of 30 Sep 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1869	53.48%	Buy	1046	55.97%
Hold	828	23.69%	Hold	461	55.68%
Sell	798	22.83%	Sell	370	46.37%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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