

Internet/e-Commerce

AirDNA update: December data suggests continued uptick and potential 4Q upside

Industry Overview

Sequential acceleration continues into December

AirDNA estimates Airbnb nights booked (based on date of booking) accelerated in December to 17% y/y, vs 16% in Nov and 9% y/y in October. Booked ADR growth also accelerated to 6% y/y vs 3% in Nov and +0.1% y/y in Oct, taking estimated booking value growth in December to 24% y/y vs 20% y/y in Nov and 9% in Oct. Supply growth remains strong with Available listings growth accelerating to 30% y/y (vs 29% in Nov). For 4Q, AirDNA estimates Airbnb's nights and ADR above Street, see below.

International nights booked and ADR growth accelerated

Nights booked in LatAm had the highest y/y growth at 29% vs 24% in Nov, North America nights grew 7% y/y in December vs 10% in Nov, and EMEA grew 19% vs 17%. APAC grew 19% y/y, vs 15% in Nov., but vs 2019 were still 27% below Dec'19 (vs down 21% in Nov). ADRs returned to y/y growth across regions (vs declines in Aug-Oct'23). Europe estimated ADRs remained very strong at +11% y/y in December.

AirDNA 4Q estimates remain above Street for Airbnb

AirDNA's estimates 4Q Airbnb Revenue at \$2.23bn, above Street est. of \$2.16bn (per Visible Alpha), suggesting growth of 17% y/y (vs. Airbnb's outlook of 12%-14% growth). For Booked nights and total bookings, using the quarterly indexing methodology, AirDNA estimates 100.3mn nights and \$15.9bn in booking value (was \$15.8bn after Nov.), above Street for nights at 98.1mn and for bookings at \$15.2bn (per Visible Alpha). The implied 4Q ADR of \$158 (+3.3% y/y) is above Street at \$155 (+1.2% y/y) per Visible Alpha. Using AirDNA's other methodology of Booking value = Nights booked * Booked ADR, AirDNA estimates Airbnb's 4Q booking value at \$17bn with booked ADR estimate of \$169 (+11% y/y), vs. Street at \$155 (+1% y/y). This methodology has estimated higher ADRs than reported for several quarters.

VRBO data also suggests m/m improvement

AirDNA data suggests VRBO Nights Booked in December (booked during the reporting period) grew by 11% y/y (accelerating vs +5% in Nov). For the full 4Q, AirDNA estimates VRBO bookings at \$3.3bn (up 3% y/y) and revenue at \$390mn (up 3% y/y). This compares to AirDNA's 3Q estimates at bookings down 0.4% and revenue down 6% y/y.

More evidence on bookings rebound vs Oct; Neutral ABNB

December AirDNA data for Airbnb suggests healthy travel demand during the holiday season, and we are more constructive on potential for 4Q upside in the sector (given company outlooks were likely skewed towards tepid October trends). Data is consistent with Airbnb mgmt. commentary that stays/revenues have been more consistent than bookings in 2023. However, we still see potential for bookings and ADR moderation in high growth areas (Europe and ROW) in 2024, which we think could slow toward US growth rates. We maintain our Neutral rating on Airbnb, with preference for Uber (higher growth, similar EV/EBITDA valuation) and Expedia (our top OTA stock).

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Refer to important disclosures on page 8 to 12. Analyst Certification on page 7. Price Objective Basis/Risk on page 6.

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ADR – Average Daily Rate

AA – Alternative Accommodation

NA – North America

OTA – Online Travel Agency

ROW – Rest of World

AirDNA December travel data update

Airbnb

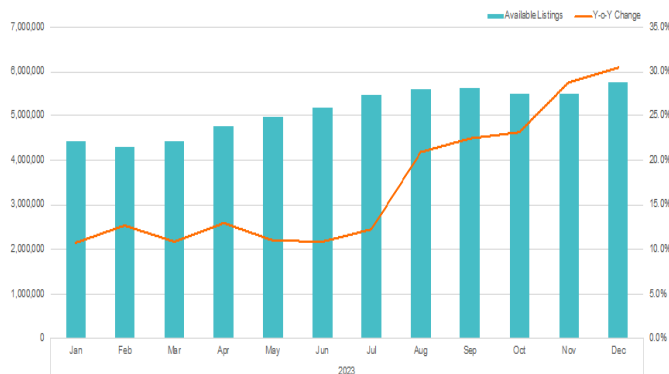
AirDNA data suggests Airbnb active listings in December were 7.2mn, growth of 21% y/y (vs 19% y/y in Nov); while available listings grew 30% y/y to 5.7mn (accelerating vs Nov growth of 29% y/y). Booked listings grew 22% y/y to 4.4mn units.

AirDNA estimates Airbnb nights booked (based on date of booking) accelerated in December to 17% y/y, vs 16% y/y in November, with December bookings growth at 24% y/y vs 20% in Nov, on accelerated booked ADR growth of +6.4% y/y vs +3.4% y/y in November.

Demand nights (total number of reserved nights during the reporting period, based on date of stay) y/y growth accelerated to 16% in December vs 12% in Nov'23.

Exhibit 1: Global Available listings & Y/Y change trailing 12 months

Listings y/y growth accelerated to 30% y/y in December vs 29% in Nov

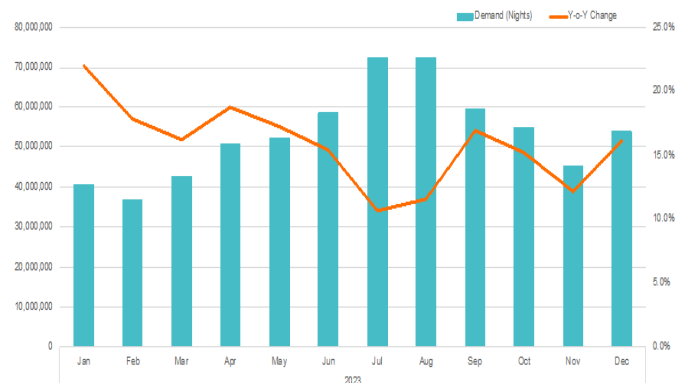


Source: AirDNA

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Exhibit 2: Global Demand (Nights) & Y/Y change trailing 12 months

Demand y/y growth accelerated to 16% in December vs 12% in Nov



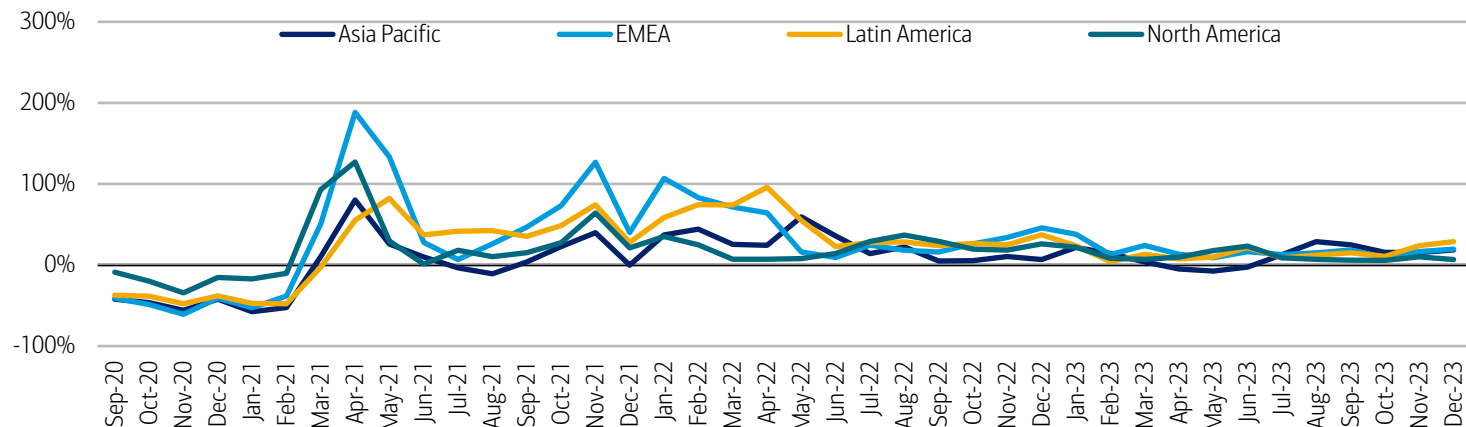
Source: AirDNA

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Airbnb's nights booked (based on date of booking) y/y growth accelerated across all regions except North America (NA) in December. Nights booked in LatAm grew fastest at 29% vs 24% in Nov, North America nights grew 7% y/y in Dec vs 10% in November, and EMEA grew 19% vs 17% in Nov. APAC grew 19% y/y vs 15% in Nov., but vs 2019 were still 27% below Dec'19 (vs down 21% in Nov).

Exhibit 3: Airbnb: Nights Booked by region (y/y growth)

Nights Booked y/y growth decelerated for NA, but accelerated across other regions



Source: AirDNA

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4Q estimates above Street on both ADR and nights

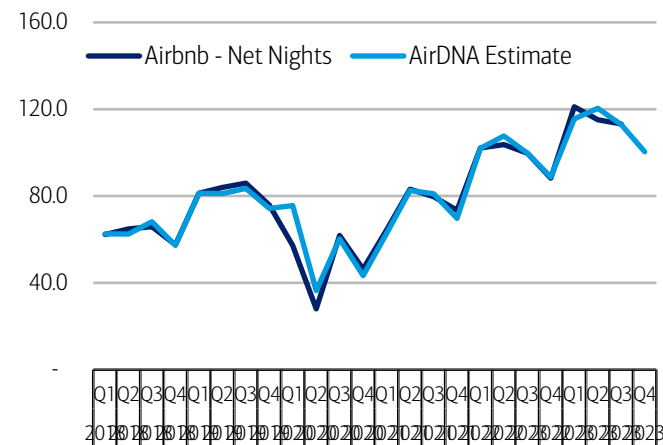
*Note: AirDNA recently changed their methodology of calculating quarterly nights/GBV/revenue. They now Index y/y estimates to Airbnb actuals for the adjusted quarterly estimate vs previously indexing q/q.

AirDNA's estimates 4Q Airbnb Revenue at \$2.23bn, above Street est. of \$2.16bn (per Visible Alpha), suggesting growth of 17% y/y (compared to Airbnb's outlook of 12%-14% growth). For Booked nights and total bookings, using the quarterly indexing methodology, AirDNA estimates 100.3mn nights and \$15.9bn in booking value, above Street for nights at 98.1mn and for bookings at \$15.2bn (per Visible Alpha). The implied 4Q ADR of \$158 (+3.3% y/y) is above Street at \$155 (+1.2% y/y) per Visible Alpha.

Using AirDNA's other methodology of Booking value = Nights booked * Booked ADR, AirDNA estimates Airbnb's 4Q booking value at \$17bn with booked ADR estimate of \$169 (+11% y/y), vs. Street at \$155 (+1% y/y). This methodology has estimated higher ADRs than reported for several quarters.

Exhibit 4: AirDNA estimates (nights booked) vs. Airbnb historical

Nights booked in 4Q are expected at 100.3mn

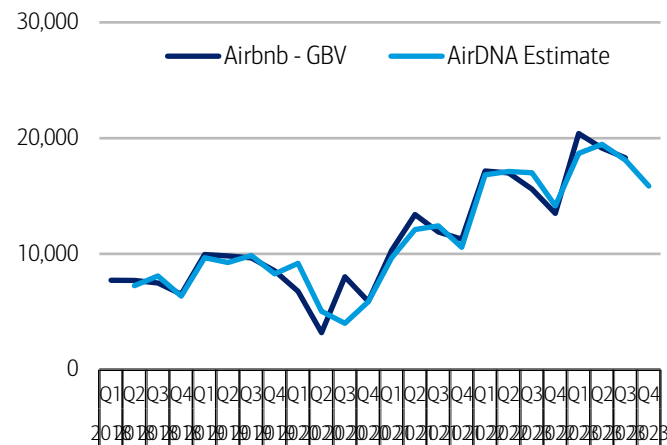


Source: AirDNA

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Exhibit 5: AirDNA estimates (booking value) vs. Airbnb historical

Booking value in 4Q are expected at \$15.9bn



Source: AirDNA

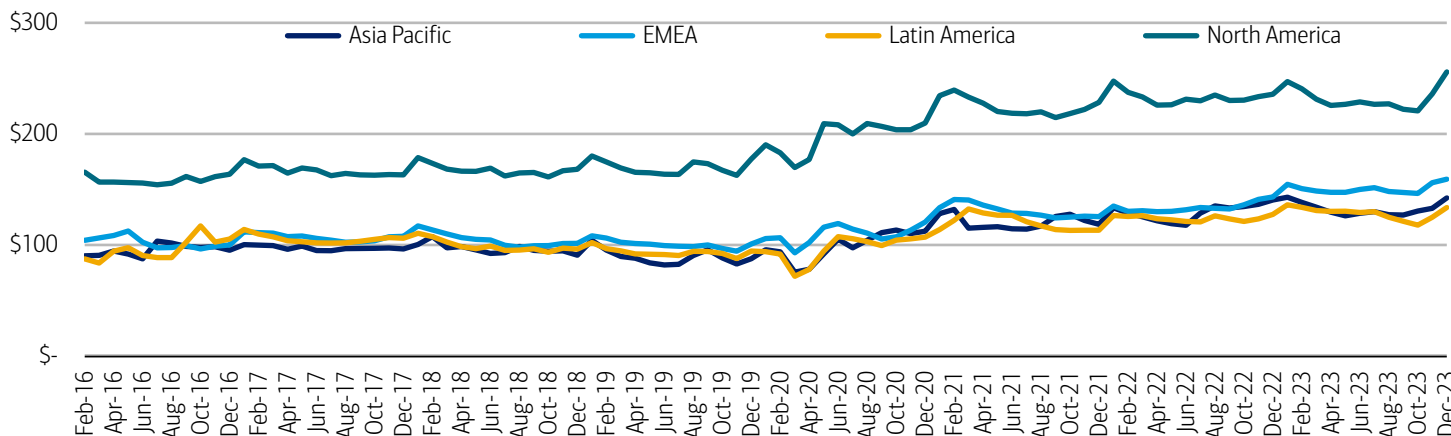
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AirDNA December data suggests average booked ADR of \$178 vs \$169 in November, and were up 6% y/y in December vs. up 3% y/y in November. On a regional basis, ADRs growth accelerated across regions. In EMEA ADRs grew a strong 11% y/y (vs 10.6% growth in Nov), and ADRs in NA were up 9% vs up 1% in November. These ADRs are based on Booked Nights. $ADR = \text{Booking Value} / \text{Booked Nights}$

*ADR is the Average Daily Rate charged per listings. ADR includes the nightly rate and excludes service fees or taxes and cleaning fees.

Exhibit 6: Airbnb: Booked ADR by region

Airbnb ADR by region showing North America leading vs. ROW. In December, ADR growth accelerated across geos



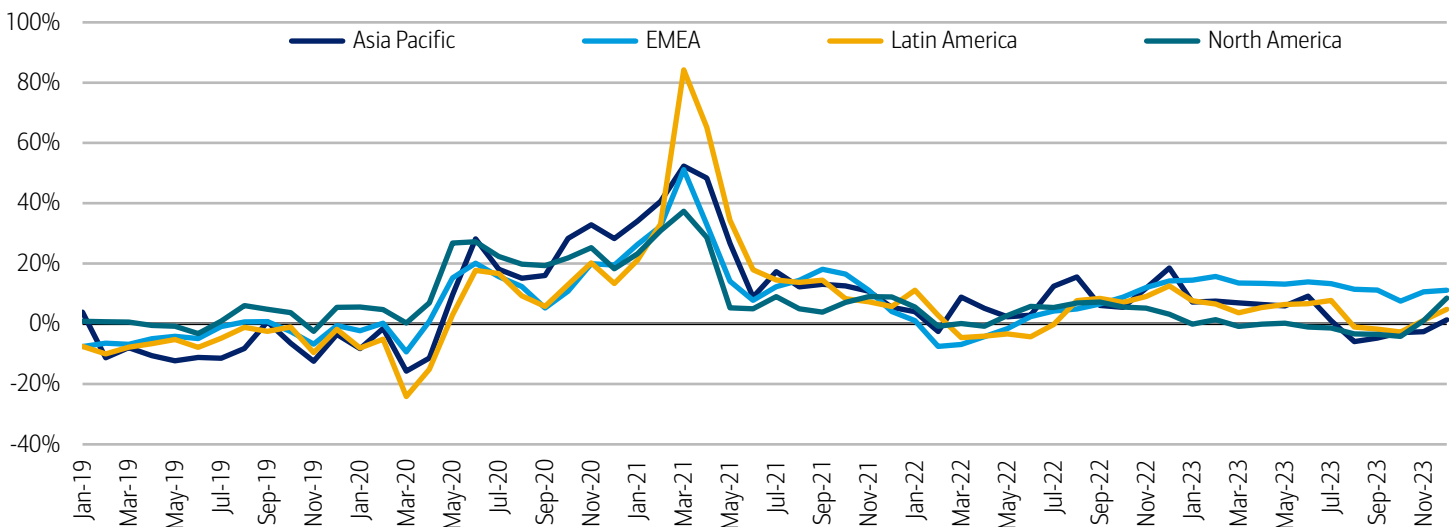
Source: AirDNA

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AirDNA estimates suggest that Airbnb's December ADRs are growing y/y in all regions. This is a notable improvement from declining y/y ADRs in NA, LatAm and APAC since Aug'23.

Exhibit 7: Airbnb: Booked ADRs by region (y/y growth)

ADR y/y growth accelerated across geos, with most acceleration in NA (8pts)



Source: AirDNA

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VRBO

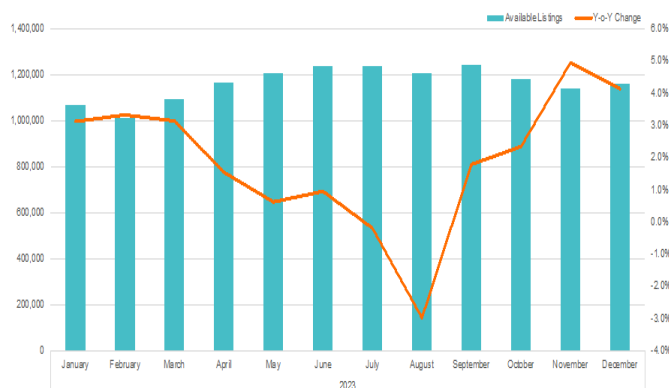
**Note: Vrbo made a change to their technical infrastructure as part of their migration to the Expedia platform, especially impacting metrics in 2Q and 3Q23.*

AirDNA data suggests VRBO active listings in December were at 1.3mn (up 5% y/y vs 3% in Nov) and available listings were at 1.2mn (up 4% y/y in Dec vs +5% in Nov). Nights Booked in December (booked during the reporting period) grew by 11% y/y (accelerating vs +5% in Nov).

For the full 4Q, AirDNA estimates VRBO bookings at \$3.3bn (up 3% y/y) and revenue at \$390mn (up 3% y/y). AirDNA's 3Q estimates suggest bookings decline of 0.4% and revenue decline of 6% y/y.

Exhibit 10: Global Available Listings & Y-o-Y Change Trailing 12 month

Listings y/y growth decelerated to 4% in Dec vs 5% in Nov

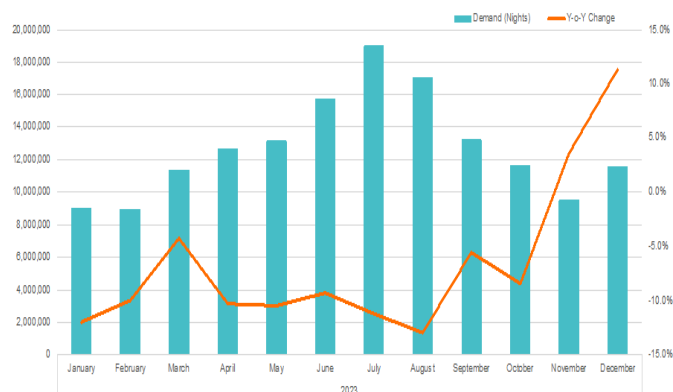


Source: AirDNA

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Exhibit 11: Global Demand (Nights) & Y/Y change trailing 12 months

Demand (Nights) accelerated to 11% in December vs 4% y/y in Nov



Source: AirDNA

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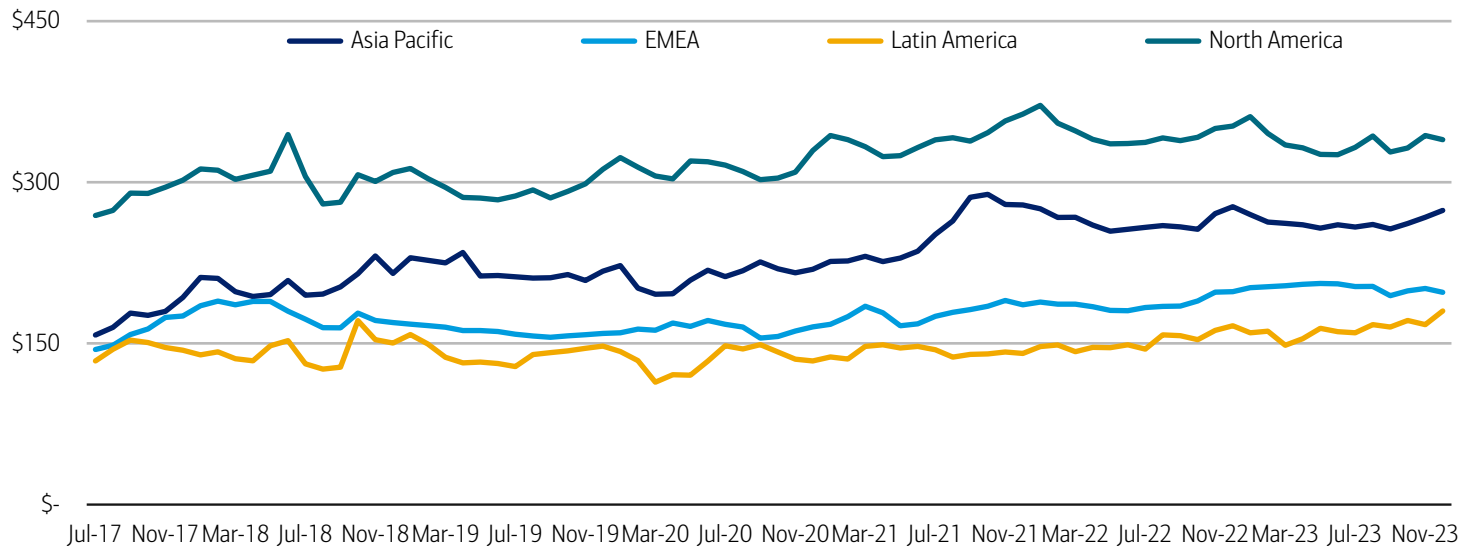
On m/m basis, AirDNA's December data shows VRBO ADRs trending up in APAC and LatAm, and down in NA and EMEA. LatAm ADR has seen the highest y/y growth at around 8% y/y, followed by EMEA at flat y/y, NA ADRs are -4% y/y and APAC down 1% y/y.

ADR = Booking Value / Booked Nights

*ADR is the Average Daily Rate charged per listings. ADR includes the nightly rate and excludes service fees or taxes and cleaning fees.

Exhibit 10: Vrbo: Booked ADR by region

ADRs trend is mixed, with APAC and LatAm trending up m/m



Source: AirDNA

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Stocks mentioned

Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ABNB	ABNB US	Airbnb	US\$ 133.46	C-2-9
EXPE	EXPE US	Expedia	US\$ 146.18	C-1-8
UBER	UBER US	Uber Technologies	US\$ 63.02	C-1-9

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

Our \$148 price objective is based on 22x 2024E EBITDA (representing 8x 2024E 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.

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.

Uber (UBER)

Our SOTP applies an EV/2025E Revenue valuation of 3.0x for Mobility, 3.0x revenue for Delivery (implies 0.6x bookings), and 1.0x revenue for Freight, which are slight premiums to peers given potential network effects. Our SOTP valuation implies segment values of \$88bn for Mobility, \$48bn for Delivery, and \$6.1bn for Freight, which implies a Total Enterprise Value for Uber of \$141bn. Based on Net Debt of \$1.1bn and a realizable value of investments of \$3.9bn we estimate a target market cap of \$144bn. Our Price Objective of \$68 is based on 2.1bn shares outstanding.

Downside risks are 1) multiple compression given macro economic exposure, 2) slowing user/revenue growth due to competitive initiatives from Lyft or DoorDash, 3) new competition from self-driving technology companies, and 4) new regulations, fees, and/or minimum wages.

Analyst Certification

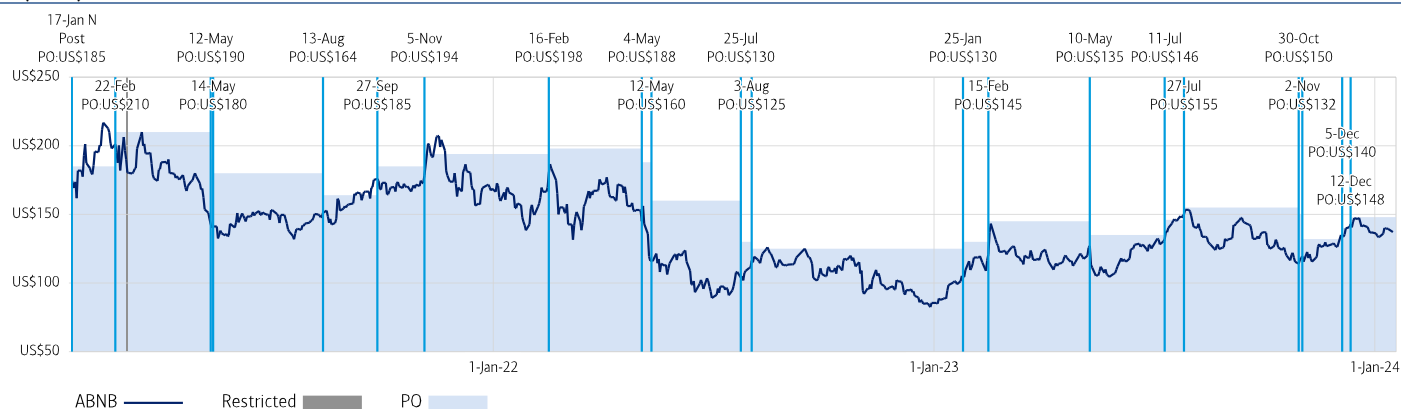
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	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	DoubleVerify Holdings, Inc.	DV	DV US	Omar Dessouky, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Expedia	EXPE	EXPE US	Justin Post
	Integral Ad Science Holding Corp.	IAS	IAS US	Omar Dessouky, CFA
	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
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	Wayfair	W	W US	Curtis Nagle, CFA
	Wix.com	WIX	WIX US	Michael McGovern
NEUTRAL				
	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
	Magnite, Inc.	MGNI	MGNI US	Omar Dessouky, CFA
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
UNDERPERFORM				
	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

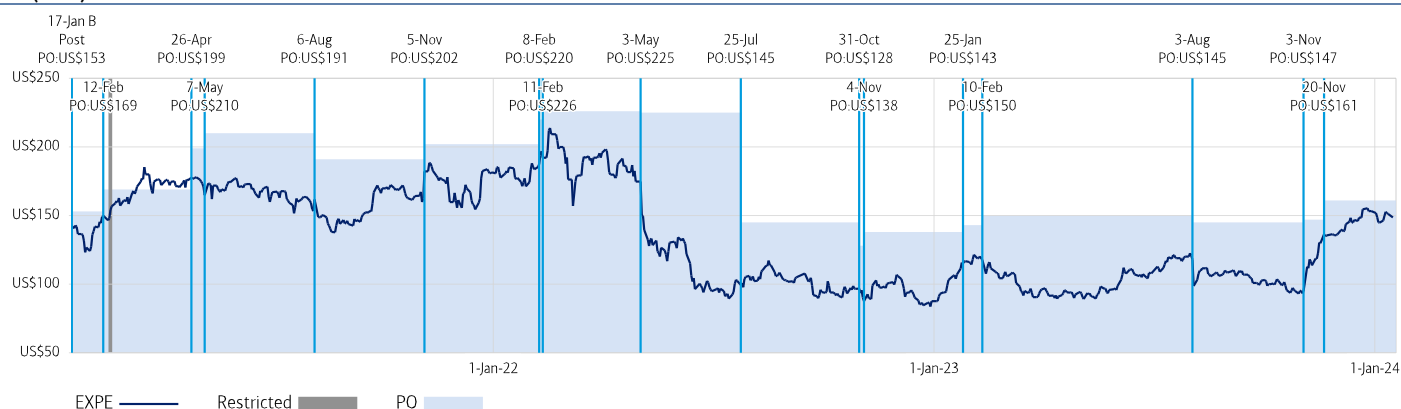
Disclosures

Important Disclosures

Airbnb (ABNB) Price Chart

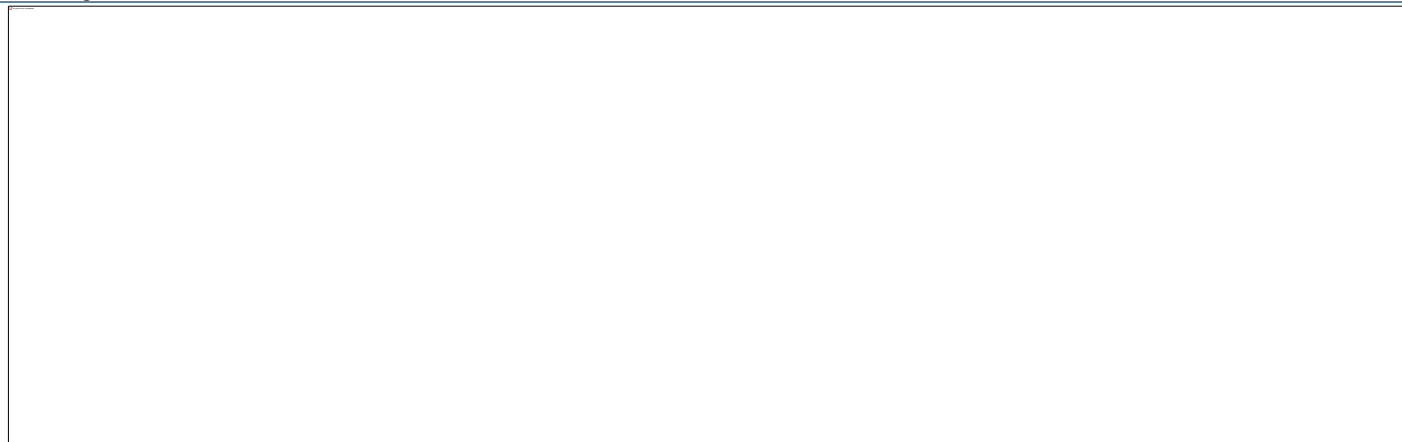
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Expedia (EXPE) Price Chart

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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Uber Technologies (UBER) Price Chart

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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} 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 ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} 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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