

ModernGraham Valuation

Company Name:

Expedia Inc

Company Ticker EXPE

Date of Analysis

10/1/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$14,548,096,061	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.84	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-177.16%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	31.31	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.41	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.84	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.53	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.76
MG Growth Estimate	15.00%
MG Value	\$144.58
MG Value based on 3% Growth	\$54.45
MG Value based on 0% Growth	\$31.92
Market Implied Growth Rate	11.41%

MG Opinion

Current Price	\$117.59
% of Intrinsic Value	81.33%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$35.58
Graham Number	\$48.48
PEmg	31.31
Current Ratio	0.84
PB Ratio	7.41
Dividend Yield	0.61%
Number of Consecutive Years of Dividend Growth	3

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.39	Next Fiscal Year Estimate	\$3.76
Dec14	\$2.99	Dec14	\$2.49
Dec13	\$1.67	Dec13	\$2.30
Dec12	\$2.00	Dec12	\$1.26
Dec11	\$3.41	Dec11	\$0.11
Dec10	\$2.92	Dec10	-\$1.65
Dec09	\$2.06	Dec09	-\$3.36
Dec08	-\$17.60	Dec08	-\$4.91
Dec07	\$1.88	Dec07	\$1.30
Dec06	\$1.40	Dec06	\$0.93
Dec05	\$1.30	Dec05	\$0.63
Dec04	\$0.00	Dec04	\$0.28
Dec03	\$0.66	Dec03	\$0.35
Dec02	\$0.46	Dec02	\$0.17
Dec01	\$0.06	Dec01	\$0.02
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	Balance Sheet Information	Jun15
Dec97	\$0.00	Total Current Assets	\$4,990,392,000
Dec96	\$0.00	Total Current Liabilities	\$5,968,228,000
Dec95	\$0.00	Long-Term Debt	\$2,472,536,000
		Total Assets	\$11,831,930,000
		Intangible Assets	\$5,452,656,000
		Total Liabilities	\$9,720,820,000
		Shares Outstanding (Diluted Average)	132,960,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [17 Companies in the Spotlight This Week – 9/27/2014](#)
- [Expedia Inc. Annual Stock Valuation – 2014 \\$EXPE](#)

Other ModernGraham posts about related companies

- [Tripadvisor Stock Analysis – August 2015 Update \\$TRIP](#)
- [Priceline Group Annual Valuation – 2015 \\$PCLN](#)
- [Tripadvisor Inc. Quarterly Valuation – May 2015 \\$TRIP](#)
- [Tripadvisor Inc. Quarterly Valuation – February 2015 \\$TRIP](#)
- [Priceline Group Inc. Quarterly Valuation – February 2015 \\$PCLN](#)
- [Tripadvisor Inc. Quarterly Valuation – November 2014 \\$TRIP](#)
- [Priceline.com Inc. Quarterly Valuation – November 2014 \\$PCLN](#)
- [Expedia Inc. Annual Stock Valuation – 2014 \\$EXPE](#)
- [Tripadvisor Inc. Quarterly Valuation – August 2014 \\$TRIP](#)
- [Priceline Group Quarterly Valuation – July 2014 \\$PCLN](#)