



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Booking Holdings Q2 2026 Results

Share Price
Date

US\$207.02
6 August 2026

RESULTS SUMMARY

Booking Holdings delivered a strong second-quarter 2026 result, exceeding expectations across all key metrics. Revenue increased 8% year-on-year, around 2% ahead of consensus, supported by 9% growth in gross bookings, well above the expected 6%. The performance was driven by 5% growth in room nights and a 2% increase in average daily rates.

Room night growth was led by domestic and regional travel, while international travel continued to face headwinds from the conflict in the Middle East. A notable highlight was high single-digit room night growth in the US, reflecting the success of investments to expand inventory and strengthen marketing in the region.

Adjusted EBITDA increased 9% year-on-year, with margin improving to 36%, slightly ahead of expectations. Although marketing spend as a percentage of gross bookings increased modestly, efficiency gains from the company's transformation programme continued to support margin expansion. Strong cash generation also enabled Booking Holdings to repurchase a record US\$3.7bn of shares during the quarter.

Despite the strong performance, management remains cautious given the ongoing uncertainty surrounding the conflict in the Middle East. Full-year 2026 guidance was updated to reflect this backdrop, with gross bookings and revenue now expected to grow at high single-digit rates, while adjusted EPS is forecast to increase by low- to mid-teens. Trading on a forward price-to-earnings multiple of around 18x, well below its long-term average, we believe Booking Holdings offers an attractive valuation given its strong market position, cash generation and long-term growth prospects.

OUR LONG-TERM INVESTMENT VIEW

- Booking Holdings (BKNG) is the world's largest online travel agency (OTA) by sales, offering booking and payment services for accommodations, airline tickets, rental cars, restaurant reservations, cruises, experiences, and other vacation packages.
- BKNG benefits from a network effect from their online marketplace. On the supply side, their merchant model means they control the payments for accommodations from customers. This provides numerous benefits for the accommodations, incentivising them to be on the platform. As supply increases, BKNG can attract more customers to their platform. On the demand side, BKNG has initiatives such as their genius loyalty program which offers customers discounts, upgrades, and various benefits.
- BKNG's long term growth strategy is their 8-8-15 formula, aiming for 8% Gross Bookings and Revenue growth, and with margin expansion, Adj EPS growth of 15%. Revenue growth is expected to come from improvement in room nights as the travel industry continues to grow, improvements in Average Daily Rates (ADRs), as well as a larger mix from non-accommodation bookings, such as airline tickets. Margin expansion is expected to come from an increase in direct mix of bookings, leading to less marketing costs as a percentage of revenue as well as continued improvements in operating efficiency through their multi-year transformation program.
- Agentic AI has emerged as a key concern for the market to BKNG's future. We believe the company has characteristics that enable them to defend from this threat. In addition to the multiple benefits customers have by using their platforms over direct booking, the most notable characteristic is their accommodation mix. A large majority of Gross Bookings come from independent or small hotels and alternative accommodation. These partners rely on BKNG for their payments for bookings and are unable to handle the various currencies and payment methods offered and therefore will continue to rely on them into the future.

UNPACKING THE Q2 2026 RESULTS

High-level numbers

- **Revenue** increased 8% y-o-y to US\$7.4bn, supported by a 9% rise in Gross Bookings. Room nights increased 5% with average daily rates (ADRs) improving 2%.
- **TTM Direct Mix** was mid 60% for the quarter, similar to that of the prior year. TTM Mobile App mix improved, now contributing high 50%, up from mid-50%. Genius loyalty members on level 2 or 3 (3 being the highest) contributed high 50% towards TTM total room night, up from mid-50% last year

- **Adjusted EBITDA margin** increased by 40bps y-o-y to 36%, driven by scale benefits from growth in merchant revenues and efficiency improvements from the multi-year transformation program, now seeing a US\$650m annual savings run-rate, up US\$100m.
- **Adjusted EPS** was US\$2.54, increasing 15% y-o-y, benefiting from improved margins and share buybacks.
- **Free cash flow** generation improved 16% for the quarter, reaching US\$3.6bn. During the quarter, the company returned US\$4.1bn to shareholders, US\$300m in the form of dividends and US\$3.7bn in share buybacks.
- As of 30 June 2026, Booking held US\$17.2bn in cash and equivalents and US\$20.2bn in debt, resulting in net debt of US\$3bn. The balance sheet remains robust with net debt to Adjusted EBITDA of 0.28x.

Key figures

- **Room Nights** increased 5% y-o-y as the conflict in the middle east continued to impact travel demand during the quarter. Indirect impacts, including flight capacities and increased prices were seen towards the end of the quarter as the direct travel impact normalised somewhat. Domestic room nights were a highlight, increasing high single digits with international increasing slightly, showing the impact of pressure on long haul travel. U.S. was up high single digits with all other regions seeing mid-single digit growth. Alternative accommodation (AA) room nights increased 4% y-o-y with AA mix for the year being approx. 37%.
- **Gross Bookings** increased 9% y-o-y to US\$51bn. Growth came from Room Night growth as well as an improvement in ADRs of 2% and a continued increase in mix from non-room bookings.
- **Marketing** expense as a percentage of Gross Bookings was 4.7%, up from 4.6% in the prior year as management stated they found tactical opportunities to invest in high return marketing initiatives.

- **Connected Trip** contribution continues to improve with Q2 connected transactions (booking of more than one vertical) increasing low double digits y-o-y, faster than overall growth. Connected trip now contributes low

Looking ahead

Management expects travel demand to remain resilient but acknowledges that the conflict in the Middle East will continue to weigh on growth for the remainder of 2026. While travel trends have begun to normalise, both direct and indirect effects of the conflict are still expected to impact bookings.

Reflecting this backdrop, management updated its full-year guidance. Gross Bookings are now expected to grow at a high single-digit rate, with the previous expectation for double-digit growth no longer anticipated. Revenue and adjusted EBITDA are also expected to increase at high single-digit rates, while EPS is forecast to grow by low-to-mid-teens.

The bottom line

Despite ongoing geopolitical headwinds, Booking Holdings continues to demonstrate the strength of its global platform and diversified business model. The company has consistently adapted to changing travel patterns, whether through the growth of alternative accommodation or expanding its US inventory to capture stronger domestic demand. This flexibility, combined with disciplined execution, supports our confidence in its long-term growth outlook.

Trading on a forward price-to-earnings multiple of around 18x, well below its long-term average, we believe the shares offer an attractive valuation and continue to justify their place as a meaningful holding in the portfolio.

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