

# Online travel shares surge on cheap-oil boost

February 11 2016

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Expedia chief executive Dara Khosrowshahi cited the benefit of cheaper airfares as a boon to the online travel industry

Shares of online travel companies Expedia and TripAdvisor jumped Thursday following solid earnings announcements, as investors bet on the boost to leisure tourism from cheap oil.

Expedia chief executive Dara Khosrowshahi cited the benefit of cheaper airfares as a boon to the online travel industry, helping to offset the ills

from the November Paris attacks, as well as the drag from the sinking [stock market](#).

"The more leisure travellers we have flying, the more opportunity we have to sell hotels and insurance and cars and everything else to them," Khosrowshahi said.

TripAdvisor chief financial officer Ernst Teunissen has not seen a "discernible impact" from the macro economic worries, adding, "we are keeping our eye on it very closely."

Shares of Expedia jumped 9.6 percent to \$103.37, while TripAdvisor vaulted 12.4 percent to \$61.07

Both companies saw net income dented by higher expenses as they invest in new initiatives and acquisitions to attract users.

Expedia lost \$12.5 million in the fourth quarter, compared with a gain of \$65, while TripAdvisor's fourth-quarter earnings fell to \$3 million from \$36 million in the year-ago period.

But investors overlooked that in light of a 25.3 percent gain in Expedia's fourth-quarter revenues to \$1.7 billion, and TripAdvisor's 7.0 percent revenue surge to \$309 million.

Khosrowshahi said that while the macro economic environment looked uncertain and the stock market "scary," the outlook for travel bookings remains encouraging as airlines pass on some of the benefits of cheaper fuel to consumers.

Expedia projected 2016 growth of adjusted earnings before taxes of 35-45 percent.

Expedia said the Paris attacks of November, in which jihadists killed 130 people in shootings and bombings and frightened large numbers of tourists into cancelling travel plans to the French capital, hit adjusted pre-tax earnings by about \$10-15 million in the quarter.

"We saw immediately an effect on broader European destinations and that effect looks like its disappeared," Khosrowshahi said.

"But the trends in Paris are certainly poor compared to the trends that we had seen before fourth quarter last year."

"It was a horrific event and I think it was the kind of event that stays in people's memories," Khosrowshahi said. "So I think there will be some effect going into the balance of the year."

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Citation: Online travel shares surge on cheap-oil boost (2016, February 11) retrieved 18 July 2024 from <https://phys.org/news/2016-02-online-surge-cheap-oil-boost.html>

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