



WEALTH PRESERVATION EQUITY RESEARCH

TRIP

Tripadvisor, Inc.

NASDAQ: TRIP | Online Travel & Experiences

RECOMMENDATION

AVOID

Current Price: \$12.77 | WP Score: 25/100 | ROIC: 4.9% | No Dividend

Does not meet Wealth Preservation standards on multiple critical dimensions

Report Date: February 12, 2026 | Analyst: Moschovakis Capital Research

This analysis is for informational purposes only. Not investment advice.

EXECUTIVE SUMMARY

RECOMMENDATION: AVOID

Does not meet Moschovakis Capital Wealth Preservation standards on multiple critical dimensions

Metric	Value
Current Price	\$12.77 (Feb 12, 2026)
52-Week Range	\$10.43 — \$20.16
Market Cap	\$1.49B
Recommendation	AVOID
WP Score	25 / 100
Fair Value Est. (Base)	\$14.50
Margin of Safety	—12% (trading above adjusted fair value on risk basis)

Return Profile	Value
Dividend Yield	0.0% (No Dividend)
Expected Dividend Growth	N/A
Expected Price Appreciation (Base)	~1.3% CAGR
Total Expected Return (Base)	~1.3% CAGR
Bear Case Total Return	-11.2% CAGR
Bull Case Total Return	+12.5% CAGR
Probability-Weighted Return	+0.9% CAGR

Risk Assessment	Value	Status
Wealth Preservation Score	25 / 100	FAIL (<45)
Downside Protection Score	25 / 100	FAIL
Quality Score	27 / 100	FAIL
Risk Level	ELEVATED	—
Probability of >50% Loss	~25%	FAIL (>10%)
Recession Profile	VULNERABLE	FAIL
ROIC vs. WACC	4.9% vs ~8.5%	VALUE DESTROYING
Dividend Sustainability	N/A (No Dividend)	FAIL

One-Line Thesis:

Tripadvisor is a deteriorating legacy travel metasearch business facing existential threats from Google AI, with a sub-cost-of-capital ROIC of 4.9%, no dividend, elevated leverage (D/E 1.78x), and vulnerable recession profile — the stock fails multiple absolute requirements of the Wealth Preservation framework and is unsuitable for capital preservation despite its nominally cheap valuation.

Disqualifying Factors (Any One Sufficient for AVOID)

- ✗ ROIC of 4.9% is below 6% threshold — company is destroying shareholder value relative to cost of capital
- ✗ No dividend — fails dividend sustainability requirement entirely; zero income floor in downturn
- ✗ D/E ratio of 1.78x exceeds 1.0x threshold — overleveraged for wealth preservation mandate
- ✗ Recession Profile: VULNERABLE — revenue collapsed 42% in 2020, generated net losses

- ✗ Bear case total return is -11.2% CAGR — capital is NOT preserved in downside scenario
 - ✗ Probability of >50% permanent loss estimated at ~25% — far exceeds 10% maximum
 - ✗ WP Score of 25 is dramatically below the 50 minimum threshold
 - ✗ Core Brand TripAdvisor revenue in structural decline (-8% to -13% per quarter) due to Google AI disruption
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INVESTMENT THESIS

Tripadvisor, Inc. operates the world's largest travel guidance platform with over 1 billion reviews across accommodations, restaurants, experiences, airlines, and cruises. The company operates through three segments: Brand Tripadvisor (legacy hotel metasearch and content), Viator (experiences marketplace), and TheFork (European restaurant reservations). FY2025 revenue reached a record \$1.891 billion, though the headline figure masks a bifurcated story: Viator and TheFork are growing healthily while the core Brand Tripadvisor segment is in structural decline.

The business faces an existential strategic challenge. Google's AI-powered travel search features, launched in November 2025, directly threaten Tripadvisor's core value proposition as a travel discovery and research platform. Brand Tripadvisor revenue declined 8% in Q3 2025 with management guiding for acceleration to low-teens declines, driven by 'stronger than anticipated traffic headwinds.' This is not a cyclical issue but a secular disruption of the company's legacy business model, which historically contributed the majority of operating profit.

From a wealth preservation standpoint, Tripadvisor fails on virtually every critical dimension. The ROIC of 4.9% falls below any reasonable cost of capital estimate, meaning the company is destroying value with each dollar of invested capital. The balance sheet carries \$1.25 billion in debt against \$1.2 billion in cash (net debt roughly neutral), but the 1.78x D/E ratio reflects meaningful leverage on a thin equity base eroded by accumulated losses and goodwill. There is no dividend and no history of consistent shareholder returns through income. The company's 2020 performance — a 42% revenue collapse with net losses of \$148 million — confirms a deeply cyclical, vulnerable business that offers no downside protection in a recession.

While the stock appears optically cheap at ~10x non-GAAP earnings and ~4.7x EV/EBITDA, cheapness alone does not constitute an opportunity under our framework. The base case total return of approximately 1.3% CAGR (entirely from modest price appreciation with zero dividend income) falls dramatically short of our 7% hurdle rate, and the probability-weighted expected return of 0.9% CAGR is barely above zero. This is a clear case where a 4% HYSR represents a materially superior risk-adjusted alternative.

Bottom Line: Tripadvisor is a turnaround/restructuring story with meaningful execution risk, structural competitive threats, no income floor, and insufficient returns to compensate for the elevated risk profile. It is fundamentally incompatible with a wealth preservation mandate. AVOID.

1. BUSINESS QUALITY ASSESSMENT

Business Model

Tripadvisor generates revenue through three segments: (1) **Brand Tripadvisor** — hotel metasearch advertising, media/display ads, and experiences referrals on the TripAdvisor platform; (2) **Viator** — a two-sided marketplace connecting travelers with experience operators (tours, activities, attractions); and (3) **TheFork** — a European restaurant booking platform. In FY2025, Experiences (Viator + TA experiences) generated \$924 million (~49% of revenue), Hotels & Other (legacy) generated \$746 million (~39%), and TheFork contributed \$221 million (~12%).

Competitive Moat Assessment

Moat Type	Evidence	Durability	Erosion Risk
UGC Content Library	1B+ reviews, decades of content	Medium (5/10)	HIGH — AI can synthesize/replace
Brand Recognition	Global travel brand awareness	Medium (5/10)	ELEVATED — Google disintermediation
Network Effects (Viator)	Two-sided marketplace with operators	Medium-High (6/10)	MODERATE — growing but not dominant
Switching Costs	Minimal for consumers	Low (2/10)	HIGH — zero switching cost for users

Primary Moat: User-Generated Content Library — Durability: 5/10. The vast review database was historically a formidable asset, but AI-powered search (Google, ChatGPT) can now aggregate, synthesize, and present travel recommendations without requiring users to visit TripAdvisor.com. The moat is actively eroding.

Moat Erosion Risk: HIGH — The core competitive position faces material erosion within 3–5 years as AI search replaces traditional travel research. Google's November 2025 AI travel features directly compete with TripAdvisor's core value proposition.

Market Position	Detail
Global Web Traffic Ranking	133M monthly visits (Jul 2025) vs. Booking.com 519M — 4x smaller
Market Share Trend	Declining — losing share to OTAs and Google direct
Pricing Power	LIMITED — dependent on Google for traffic, limited pricing leverage with hotel partners
Industry Disruption Risk	SEVERE — AI search fundamentally disrupts metasearch model

2. FINANCIAL FORTRESS ANALYSIS

Balance Sheet Strength

Metric	Value	Threshold	Assessment
Debt/Equity	1.78x	<1.0x	✗ FAIL — Red flag
Interest Coverage (est.)	~2.0x	>5.0x min	✗ FAIL — Below minimum
Current Ratio	1.33x	>1.5x	■ Monitor — Below preferred
Cash / Total Debt	96%	>20%	✓ Pass
FCF Positive (5Y)	3 of 5	4 of 5	✗ FAIL — 2020–2021 negative
Net Debt Position	~\$50M net debt	Net cash preferred	■ Roughly neutral

Solvency Verdict: MARGINAL — While cash reserves (\$1.2B) roughly offset total debt (\$1.25B), the high D/E ratio reflects a thin equity base eroded by years of modest earnings and accumulated losses. Interest coverage is dangerously low. The company would require restructuring in a prolonged recession.

Stress Test: If revenue dropped 30% (as it did worse in 2020), Tripadvisor would likely generate operating losses. With ~\$65M+ in annual interest obligations, the company would burn cash rapidly. No dividend to cut provides no buffer mechanism. The company would survive near-term on its cash reserves but may need to raise capital in a prolonged downturn.

Profitability Metrics

Metric	FY2025	FY2024	FY2023	FY2022	Trend
Revenue (\$M)	\$1,891	\$1,835	\$1,788	\$1,492	↑ Slow growth
Gross Margin	~91%	92.8%	92.9%	93.3%	↓ Slight decline
Operating Margin	~5.5%	6.6%	6.2%	8.3%	↓ Declining
Net Margin (GAAP)	2.1%	2.9%	0.3%	0.6%	→ Thin/volatile
Adj. EBITDA Margin	16.9%	18.5%	18.7%	~22%	↓ Declining
FCF (\$M, LTM)	\$261	\$228	\$172	\$340	→ Volatile
ROIC	4.9%	~5.2%	~4.5%	~5.8%	↓ Below WACC

ROIC Assessment: VALUE DESTROYING — ROIC of 4.9% vs. estimated WACC of ~8.5%. The company has consistently failed to earn its cost of capital, meaning every dollar of invested capital generates a return below what investors require. This is a fundamental disqualifier for wealth preservation.

Earnings Quality

GAAP net income of \$40M (FY2025) vs. Non-GAAP of \$166M reveals a massive \$126M gap, primarily driven by stock-based compensation and restructuring charges. The heavy reliance on non-GAAP adjustments to show profitability is a yellow flag. Operating cash flow of \$347M (LTM) significantly exceeds GAAP net income, suggesting cash generation is real, but the thin GAAP margins (2.1%) offer minimal buffer against operational deterioration.

Earnings Quality: QUESTIONABLE — Thin GAAP margins, large non-GAAP adjustments, volatile year-to-year results.

Dilution Check

Shares outstanding decreased from ~144M (2021) to ~117M (2025), representing approximately 5% annual reduction through buybacks. In FY2025, the company repurchased 6.1M shares at \$14.72 average. However, the buybacks are partially offset by stock-based compensation expense of ~\$100M+ annually.

Dilution Assessment: ACCEPTABLE — Net share count declining, though SBC remains elevated relative to thin GAAP earnings.

3. DIVIDEND ANALYSIS

NO DIVIDEND

Last ex-dividend date: November 2019

Tripadvisor does not pay a dividend and has not done so since 2019. The company suspended its dividend during COVID-19 and has never reinstated it. With GAAP net income of only \$40M on \$1.9B revenue, the company lacks sufficient earnings stability to support a meaningful dividend program.

For the Moschovakis Capital Wealth Preservation framework, the absence of a dividend is a significant negative. Dividends provide a return floor regardless of price appreciation and represent management confidence in sustainable cash generation. TRIP's zero dividend means 100% of investor return must come from price appreciation — the most uncertain and volatile component of total return.

Dividend Sustainability: N/A — DISQUALIFYING

4. VALUATION ANALYSIS

Relative Valuation

Metric	Current	5Y Avg	Assessment
P/E (GAAP TTM)	24.4x	~65x (volatile)	Below avg but misleading
P/E (Non-GAAP TTM)	~10x	~18x	Below average
EV/EBITDA	~4.7x	~12x	Well below average
P/S	0.79x	~2.5x	Well below average
P/FCF	~5.7x	~15x	Well below average
EV/Revenue	~0.79x	~2.2x	Well below average

On traditional multiples, TRIP appears very cheap relative to its own history and the broader market. However, **cheapness reflects structural concerns, not an overlooked opportunity**. The market is pricing in continued erosion of the legacy business, competitive threats from Google AI, and limited visibility on the turnaround timeline. Analyst consensus is 'Hold' with a mean target of \$16.97 (10 analysts: 4 buy, 10 hold, 4 sell).

Fair Value Estimate

Normalized Non-GAAP EPS: \$1.30 (avg of FY2024–2025) | Fair Multiple: 11x (discounted for structural decline) | **Fair Value: \$14.30**

Alternatively: FCF-based: \$261M FCF / \$1.49B market cap = 17.5% FCF yield, which appears attractive but reflects elevated risk premium the market demands.

Valuation Verdict: OPTICALLY CHEAP BUT JUSTIFIED — Low multiples reflect genuine structural risk, not a margin of safety.

5. SCENARIO ANALYSIS

Scenario	Rev CAGR	EPS CAGR	Terminal P/E	10Y Price	Total CAGR	Weight
BEAR	-3%	-8%	6x	\$4.00	-11.2%	25%
BASE	+2%	+3%	10x	\$14.50	+1.3%	50%
BULL	+6%	+12%	14x	\$40.00	+12.5%	25%

Probability-Weighted Expected Total Return: +0.9% CAGR

Bear Case (25% Weight) — 'Google Wins, Legacy Collapses'

Google AI travel features and competing platforms accelerate traffic declines in Brand TripAdvisor. Legacy revenue shrinks 10–15% annually. Viator growth moderates as competition intensifies (Airbnb Experiences, GetYourGuide). Operating leverage works in reverse — fixed costs on declining revenue compress margins severely. TheFork sold at a discount. In a recession, revenue collapses similar to 2020. GAAP losses resume. The stock de-rates to 6x depressed non-GAAP earnings.

Bear Case 10Y Price: \$4.00 | Total Return CAGR: -11.2% | CAPITAL NOT PRESERVED

Base Case (50% Weight) — 'Muddle Through Transition'

Viator and TheFork continue growing mid-single digits, partially offsetting Brand TripAdvisor declines. Revenue grows ~2% CAGR. Cost savings of \$85M by 2027 stabilize margins. AI initiatives provide modest incremental revenue. The company remains profitable but unexciting. No dividend introduced. Modest multiple expansion as the market gradually prices in the experiences pivot.

Base Case 10Y Price: \$14.50 | Total Return CAGR: +1.3% | FAILS 7% HURDLE RATE

Bull Case (25% Weight) — 'Successful Pivot to Experiences Leader'

Viator becomes the dominant global experiences marketplace. TheFork sold at premium valuation or spun off. AI-native trip planning product gains traction. Experiences revenue doubles. Margins expand meaningfully. Activist involvement drives operational improvements. The stock re-rates as the market recognizes the platform value.

Bull Case 10Y Price: \$40.00 | Total Return CAGR: +12.5%

Critical Downside Check

Check	Result	Pass/Fail
Bear case total return positive?	-11.2% CAGR	FAIL
Capital preserved in downside?	No — \$100 becomes ~\$30	FAIL
Base case beats 7% hurdle?	1.3% CAGR	FAIL
Max estimated drawdown	-70% in bear scenario	FAIL
Prob. of >50% permanent loss	~25%	FAIL (>10% max)

6. RISK ASSESSMENT

Risk Category	Score (1–10)	Key Concern	Mitigation
Balance Sheet Risk	7	D/E 1.78x, thin equity base	Cash reserves (\$1.2B) offset near-term
Earnings Volatility	8	GAAP income swings wildly (\$5M–\$53M)	Non-GAAP more stable but relies on add-backs
Competitive Threat	9	Google AI search disrupting core model	Viator/TheFork diversification
Regulatory Risk	3	Minimal direct regulatory exposure	—
Management Risk	6	Turnaround execution; activist pressure	Starboard involvement may improve discipline
Valuation Risk	4	Already cheap — limited further compression	Downside optically limited on multiples
Technology Risk	9	AI disruption of metasearch/review model	AI initiatives (ChatGPT partnership)

Aggregate Risk Score: 6.6 / 10 — ELEVATED

Recession Stress Test

Metric	2008–2009	2020 (COVID)	Assessment
Revenue Decline	Not public (pre-IPO)	-42% (\$1,560M → \$902M)	SEVERE
Net Income	Not public	-\$148M (loss)	SEVERE
Dividend Action	N/A	Suspended (never restored)	FAIL
Stock Price Decline	N/A	~55% peak-to-trough	SEVERE
Recovery Time	N/A	Never recovered to pre-COVID highs	STILL BELOW
Capital Raise Needed?	N/A	No (survived on reserves)	Pass

Recession Profile: VULNERABLE — Travel is deeply cyclical. TripAdvisor has no defensive characteristics, no dividend cushion, and demonstrated extreme revenue sensitivity in the 2020 downturn. The stock traded at ~\$100 in 2014, \$30 pre-COVID, ~\$20 post-recovery peak, and \$12.77 today. The long-term trend is sharply negative.

7. MANAGEMENT & GOVERNANCE

Aspect	Detail
CEO	Matt Goldberg (since Jul 2022, ~3.5 years)
CFO	Mike Noonan
CEO Tenure	<5 years — below preferred threshold
Track Record	Pivoting to experiences; legacy still declining
Insider Ownership	Low — Liberty TripAdvisor merger completed 2025
Activist Involvement	Starboard Value (Jeff Smith) — constructive pressure

Capital Allocation (2020–2025)

- **Buybacks:** Active — repurchased 6.1M shares in 2025 at \$14.72 avg. Historically repurchased at higher prices (\$20+), destroying value. Mixed track record.
- **Dividends:** Suspended in 2020, never restored. Negative signal.
- **M&A:** Liberty TripAdvisor merger completed (simplifies structure). Exploring strategic alternatives for TheFork (potential sale).
- **Debt Management:** Raised \$350M term loan B in 2025 to refinance 2026 convertible notes. Proactive but adds leverage.

Management Quality: ADEQUATE — Strategic pivot is logical but unproven. Limited tenure makes assessment difficult. Activist pressure may improve capital discipline.

8. PEER COMPARISON

Metric	TRIP	BKNG	EXPE	ABNB	Best for WP
Market Cap	\$1.5B	\$185B	\$23B	\$95B	BKNG (scale)
Revenue Growth (FY)	+3%	+10%	+7%	+12%	ABNB
Gross Margin	91%	83%	89%	82%	TRIP
Operating Margin	~5.5%	~37%	~14%	~18%	BKNG
ROIC	4.9%	>40%	~15%	~20%	BKNG
D/E Ratio	1.78x	N/A (neg eq)	4.5x	N/A (neg eq)	TRIP (lowest)
Dividend Yield	0%	~0.8%	0%	0%	BKNG
P/E (Fwd)	~9x	~25x	~15x	~35x	TRIP (cheapest)
FCF Yield	~17%	~4%	~8%	~3%	TRIP

Why NOT This Company: Despite being the cheapest on valuation metrics, TRIP has by far the worst ROIC (4.9% vs. 15–40%+ for peers), the slowest revenue growth, and the most significant competitive threat from AI disruption. BKNG and ABNB both generate meaningfully higher returns on capital. For wealth preservation, BKNG's dominant market position, massive FCF generation, and nascent dividend program make it a far superior candidate — though its own valuation would require separate framework analysis.

9. KEY METRICS SUMMARY

Metric	Value	Status
Wealth Preservation Score	25 / 100	FAIL (<45 minimum)
Downside Protection Score	25 / 100	FAIL
Return Adequacy Score	20 / 100	FAIL (<6% expected CAGR)
Quality Score	27 / 100	FAIL
Fair Value Range	\$8.00 — \$18.00	Wide range reflects uncertainty
Current Price	\$12.77	Mid-range
Margin of Safety	Insufficient	—
Expected Total Return (Base)	1.3% CAGR	FAIL (vs 7% hurdle)
Bear Case Return	-11.2% CAGR	FAIL (must be >0%)
Probability-Weighted Return	0.9% CAGR	FAIL
Dividend Yield + Growth	0% + 0%	FAIL
ROIC vs. WACC	4.9% vs. ~8.5%	VALUE DESTROYING
Probability of Permanent Loss	~25%	FAIL (max 10%)

WP Score Breakdown

Component	Max	Score	Detail
Balance Sheet Fortress	40	13	D/E 1.78x (5pts) + IC ~2x (0pts) + FCF 3/5 (3pts) + Cash/Debt ok (5pts)
Income Reliability	30	0	No dividend = zero income reliability
Capital Efficiency	15	0	ROIC <6% (0pts) + Declining trend (0pts)
Valuation	15	12	Trading near 52-week low, <25th percentile
TOTAL	100	25	FAR BELOW 45 minimum — AVOID

Composite WP Score Calculation

WP Score = (Downside Protection 25 × 0.45) + (Return Adequacy 20 × 0.30) + (Quality 27 × 0.25) = 11.25 + 6.0 + 6.75 = **24.0**

WP Score: 24 — Does not meet wealth preservation standards. AVOID.

10. WHAT WOULD CHANGE THIS ASSESSMENT

While TRIP currently fails the Wealth Preservation framework decisively, the following developments could warrant reassessment:

- **ROIC improvement to >8%:** Would need Viator to become significantly more profitable and/or Brand TripAdvisor decline to stabilize. Currently the most distant catalyst.
- **Dividend initiation:** A meaningful dividend (2%+ yield) with sustainable payout would signal management confidence in cash flow durability and provide income floor.
- **Debt reduction to D/E <1.0x:** Aggressive deleveraging using FCF would meaningfully improve the balance sheet fortress score.
- **TheFork sale at premium valuation:** A cash-generative divestiture could fund debt reduction, buybacks, or dividend initiation.
- **Brand TripAdvisor stabilization:** If revenue decline halts and the segment demonstrates sustainable profitability, the structural decline narrative would soften.
- **Price decline to \$6–8:** At significantly lower prices, even with structural challenges, the risk/reward could become asymmetric enough to reconsider. The company's \$1.2B cash alone provides ~\$10/share floor.

Why Not a Speculative Position?

Some investors may view TRIP as an attractive turnaround/restructuring play given the cheap valuation, activist involvement, and strategic optionality (TheFork sale, AI pivot, Viator growth). While these are valid considerations for a growth or event-driven portfolio, they are fundamentally incompatible with a wealth preservation mandate. The Moschovakis Capital framework does not accept 50/50 risk profiles regardless of upside magnitude. TRIP's outcome distribution is wide and uncertain, with meaningful probability of further permanent capital impairment — the exact profile our framework is designed to avoid.

FINAL RECOMMENDATION

RECOMMENDATION: AVOID

Does not meet Moschovakis Capital Wealth Preservation standards

Decision Factor	Result
Position Size	\$0 (AVOID)
Entry Strategy	None — do not initiate
Expected Outcome (10Y)	€100 becomes ~€101 (base) or ~€30 (bear)
vs. HYS (4%)	€100 → €148 in HYS vs. €101 in TRIP (base)
Underperformance vs. Cash	€47 over 10 years in base case
Bear Case Capital Loss	€100 → €30 (-70%)

Absolute Requirements Checklist

- X FAIL** — Bear case total return $\geq 0\%$ → Bear case: -11.2% CAGR
- X FAIL** — Base case total return $\geq 7\%$ → Base case: 1.3% CAGR
- X FAIL** — Solvency: FORTRESS or ADEQUATE → MARGINAL
- X FAIL** — Dividend sustainability: ROCK SOLID or SUSTAINABLE → No dividend
- X FAIL** — Prob. of >50% permanent loss <10% → ~25% estimated

All 5 absolute requirements FAIL. Under the framework, failure of any single requirement triggers AVOID regardless of other factors.

Analyst Notes

Key Assumptions: (1) Google AI continues to erode Brand TripAdvisor traffic at current trajectory; (2) Viator growth moderates to high-single digits as market matures; (3) No recession in base case, mild recession in bear case; (4) TheFork either sold or continues as is.

Limitations: Q4 2025 results released today (Feb 12, 2026) — limited time to fully digest guidance and forward outlook. Full 10-K filing not yet available. Conference call at 8:30 AM ET may provide additional color.

Confidence Level: HIGH — The AVOID recommendation has high confidence. Multiple independent disqualifying factors (ROIC, leverage, no dividend, recession vulnerability, structural competitive threats) all point to the same conclusion. Even significant improvements in one area would not overcome the cumulative deficiencies.



Moschovakis Capital

Wealth Preservation Equity Research

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Report Date: February 12, 2026

Analyst: Moschovakis Capital Research

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All investments carry risk of loss.

Report prepared for Moschovakis Capital.

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