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Kayak's Projected Market Cap: More Than \$705M

By Liz Gannes

One of the more solid and genuinely useful Internet startups out there, travel fare aggregator [Kayak](#), was dissected in a report released today by NeXt Up Research for [SharesPost](#). NeXt Up thinks that with a heavy advertising spend, Kayak should have a compound annual growth rate (CAGR) of 18 percent from 2009 to 2012. Based on estimated revenue and comparison to competitors, the report estimates Kayak's market cap at between \$705 and \$771 million.

Is Kayak a promising IPO candidate? You decide. Here are some of the relevant assessments:

Exhibit 22: Kayak's Revenues

	2006	2007	2008E	2009E	2010E	2011E	2012E	2013E	2014E
Revenue (\$, M)	18	50	124	150	180	210	242	273	305
% y/y growth		178%	148%	21%	20%	17%	15%	13%	12%

Source NeXt Up! Research Estimates

- Meta search engines like Kayak accounted for less than 8 percent of online travel booked in 2009, due mostly to low awareness.
- Kayak is spending heavily to make itself better known — NeXt Up estimates an advertising budget of \$50 million a year, but Kayak has said itself it [plans to spend](#) \$100 million on marketing.
- The travel industry should recover from the recession and see a CAGR of 4 percent from 2009 to 2013, with online travel agents growing with a 7 percent CAGR.
- Promising Kayak initiatives include its iPhone apps ([see our story](#)) and Travelpost, its TripAdvisor competitor.
- Kayak is projected to have revenue of \$180 million in 2010, growing to \$305 million in 2014 with EBITDA margins of 30-35 percent.
- Kayak has raised about \$224 million in venture funding and debt from General Catalyst, Sequoia Capital, Accel Partners, Oak Investment Partners, Tenaya Capital, Trident Capital, Gold Hill Capital, Norwest Venture Partners, Silicon Valley Bank and AOL.