

Buy Priceline and book your visa run

JUST the other day I had a client ask me how he can save some money on his next visa run. He wants to explore more of

Island Investor

By Don Freeman

Southeast Asia and has gotten tired of making the usual trip to Cambodia, Laos or Kuala Lumpur. That's when I told him about Priceline.com. Priceline (PCLN) is the famous "Name Your Price" website in the United States. Here in Asia though, we use the Priceline subsidiary, Agoda.com for hotels and in Europe they use Booking.com.

I have used Agoda.com to explore the Philippines, Bali, Malaysia and Vietnam. Each time I was saving anywhere from 10% to 50% on hotel rooms. The best part is that I got cash rewards for each booking and was able to redeem them on my other trips.

I've gotten free weekends from my reward travel. Those rewards come in handy for an expat that has to make a visa run and is looking to save money. Phuket currently has 1,117 hotels listed on Agoda ranging in price from US\$20 to \$1,800 dollars per night.

Priceline.com operates as a one-stop online destination to serve all your travel needs. You can book flights, hotels, car rentals, vacation packages and cruise trips. The company's Agoda.com provides hotel reviews and lets you know the key attractions for each city before you book.

Personally, I use Agoda.com only for booking hotels. My last trip to Kuala Lumpur found me too busy to book a room in advance. I had the taxi take me to Bukit Bintang and drop me off in front of some moderately priced hotels. At the desk the price was \$90 per night. Standing at the front counter I went online, which took me three minutes, and booked the same room on Agoda for \$52. A 42% savings! The desk clerk had a big smile on his face as I handed him my reservation number.

Actually the best part about Priceline has been the stock performance. Over the past eight years, the stock has risen an astounding 3,000%. I have owned it since 2007 and it has been my best performer after Netflix. I

still think the stock is going higher and here's why: the company is best positioned among the online travel companies for the international market.

- Priceline.com is acquiring the US travel software company Kayak.com
- The company is trading with a cheap forward P/E (price/earnings) of 15 and has a 35% operating margin
- Priceline has \$103 per share in cash the stock is trading above both the 50 and 200 day moving averages
- Booking.com is the #1 online site for European hotels
- Up to 80% of the company's profits come from international travel the company continues to take market share from Expedia and Orbitz

- Priceline is using pricing power to negotiate hotel rates for customers
- Subsidiaries traveljigsaw and rentalcars.com have strong growth in car rental market

- JP Morgan raised its target on the stock to \$835 and Jeffries upped theirs to \$820

- Priceline has beat earnings estimates for 12 straight quarters

- The stock has a PEG ratio of 0.95, anything less than 1 is undervalued

Priceline.com is currently trading at \$713.50 with a 52-week range of \$553 to \$774. The stock has dipped recently because its Kayak acquisition will close later than expected. Kayak will give a big boost to the company's bottom line due to Kayak's metasearch software.

Metasearch allows users to send requests to other search engines and databases to get a single list of results. This acquisition will put Priceline ahead of its rivals Expedia and Orbitz.

The technical picture looks great. Priceline.com gained over 50% in 2012 and has been forming a quiet consolidation for 12 months. Often leadership stocks will post strong price gains (50 to 100%)



SHATNERED: Who could get a better deal on a hotel than the captain of the USS Enterprise?

then fall asleep for 6-12 months before heading higher once again.

The one uncertainty overhanging the stock is Europe. Many analysts are worried that Europe may stay in recession longer than expected. The recovery that many had hoped for this year has yet to materialize. Uncertainty with the recent Italian elections and Cyprus bailout aren't helping to calm markets either.

I'm not as concerned as others though, considering the company has weathered the storm very well for the past five years that Europe has been in crisis. Bookings in Europe have been rather consistent and considering that only 25% of the European hotel market is online, there's plenty of room for growth. Priceline has less than 10% of total hotel bookings in Europe. There's considerable room for growth in Europe and people are still traveling to Europe and making hotel reservations.

Besides penetrating the European hotel market further, the fastest growth for

Priceline is in Asia, the Middle East and Latin America. These regions have a burgeoning middle class that want to travel. Among the online travel sites, Priceline is best positioned in the growing \$600 billion international travel market.

So when the time comes to make your next visa run or when you need to just get a break from Thailand, take a look at Priceline.com and one of their sites. They can help save you up to 50% and if you're looking at Priceline for your next investment, give me a call and we can discuss the merits of putting Priceline in your portfolio.

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Budgeting tips and concerns for expats

BECOMING and remaining an expat will require careful budgeting to avoid potential minefields or serious financial problems down the road. With that in mind, here are concerns or tips to keep in mind to help you avoid blowing a hole in your expat budget:

Track your living expenses

Most personal finance software like newer versions of Quicken will have a multi-currency function to track living expenses in any currency along with fluctuating exchange rates. If you have just become an expat, it would be a good idea to record every single living expense or transaction you incur (especially any banking or money transfer fees) for the first few months using such software so you can plan a more accurate expat budget moving forward.

Learn local price trends

It's a good idea to live on a very tight expat budget for the first few months after becoming an expat and to use that time to learn about local prices and when the best time to buy something is. For example:



FRUGAL: Being an expat requires serious budgeting. Photo: Images of Money

prices tend to rise in Thailand during the tourism high season while countries that celebrate Chinese New Year may have sales up until the celebrations and big prices increases right after that

Live (well) below your means

The days of cushy expat assignments where all housing and schooling fees are covered, defined pension plans and even stable employment with annual cost of living adjustments are increasingly becoming distant memories – meaning living well

below your means now may help you live a comfortable lifestyle in the future should your financial circumstances suddenly change.

Budget for inflation

Developing countries like Thailand tend to have much higher rates of inflation than developed Western countries. Ask yourself if you could realistically afford a hypothetical 5% or even 10% across the board annual increase in your current living expenses for items like food and housing. In addition, don't forget that some

living expenses, like the cost of health insurance as you get older, will be subject to much higher rates of inflation or annual price jumps.

Budget for emergencies

Emergencies for an expat can mean everything from something medical related requiring a medical evacuation to being forced to relocate home. In particular, you will need to have a much bigger emergency fund to cover the possibility (no matter how remote it might appear) that you will need to return home permanently and reestablish your life there – a potentially expensive endeavor the longer you have been away.

Budget for the loss of government entitlements and for taxes

British expat pensioners have for years complained about frozen pensions after moving abroad while Americans generally need to be a state resident (with a physical address) to qualify for unemployment compensation, work for an American company (or work in a country with a U.S.

tax treaty) to ensure their income is included in future Social Security payment calculations and are taxed on their worldwide income. Likewise, few (if any) western countries will pay disability or pay for medical care to an expat citizen while they live abroad. This means you need to be aware of what government entitlements you stand to lose out on when you move abroad (along with any taxes you may still be subject to) and you will need to budget extra for insurance or be prepared by saving more money.

Protect your credit score

Many international banks and financial institutions will do a credit check on you back home or abroad before they decide to do business with you – meaning any late payments or unpaid bills you skipped out on paying will come back to haunt you in the future even if you are now living it up somewhere else. Protect your credit score and your reputation at home and abroad by making sure your bills are paid on time.

– Don Freeman