OFF WALL STREET

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OWS Notes: Lindblad Expeditions Holdings (LIND)

TLDR: LIND is more differentiated than it appears. Its smaller ships enable a more immersive expedition experience, while the Disney partnership provides a unique customer acquisition advantage. These factors create meaningful differentiation from smaller experiential cruise competitors and larger luxury-cruise peers.

Summary: We initially viewed Lindblad as vulnerable to intensifying competition, as niche "educational cruise" offerings seemed easily replicable by new entrants. Competitive threats, coupled with a margin headwind resulting from contract renegotiations with Disney, appeared to support a potentially compelling short thesis. However, further research suggests LIND has two sustainable competitive advantages: smaller ships that enable a more immersive expedition experience and a robust lead generation pipeline from the Disney partnership.

Competitive threats became more pronounced in recent years as larger cruise operators, notably Viking, began expanding their fleets with a focus on luxury vessels capable of withstanding harsher polar conditions. Concurrently, operators discounted trips to polar and other "bucket-list" destinations, seemingly aiming to replicate LIND's unique offerings and take market share. However, competitors appear to have underestimated the importance of smaller guest capacities in new ship builds.

LIND's fleet of 23 owned and chartered ships each have a maximum capacity of ~148 guests. Comparatively, larger operators such as Viking and Silversea (RCL) operate competing voyages using vessels with ~3x the capacity. This results in a less immersive travel experience due to legal limitations constraining the number of travelers permitted to disembark at certain locations. Per International Association of Antarctica Tour Operators (IAATO) bylaws, no more than 100 visitors can be ashore at any one site at the same time, and vessels carrying more than 500 passengers are prohibited from making landings. This allows LIND to offer a "boots-on-the-ground" experience that is unique among Antarctic cruise operators.

Smaller ships also support a more differentiated education-first experience. While other expedition cruises provide a variety of experiential and educational offerings, including on-board laboratories, field experts accompanying the crew, etc., LIND benefits from the National Geographic brand and a superior expert-to-passenger ratio. This fosters an "education-first" environment and reputation that competitors cannot match. As a result, larger cruise ships are forced to compete by offering more luxurious accommodations due to limitations on large disembarkations and the perception that their educational services are lower quality.

LIND's exclusive partnership with Disney provides a second, additional competitive advantage - low-cost access to a large pool of affluent travelers. The partnership is structured such that National Geographic promotes LIND's offerings, distributes LIND's expeditions through the Disney Signature Experiences platform, and licenses the National Geographic brand to LIND in exchange for a royalty fee. The companies recently renewed their partnership through 2040. The renegotiated contract includes a step-up in the royalty rate paid to DIS, structurally compressing LIND margins. However, the negative impact of this headwind on LIND Y-Y margin comparisons has largely run its course, as LIND is now comping against the higher, renegotiated royalty rates as of 2Q26. More importantly, the renegotiation appears to be providing a net benefit to LIND by increasing occupancy rates (>90% currently vs. 78% in 2024). Bookings sourced through Disney's travel advisory service, EarMarked, increased 67% year-over-year in 1Q26 and 35% in 2025, further highlighting the partnership's role in driving occupancy rate growth.

LIND is not inexpensive, and currently trades at ~17.5x 2026E EV/EBITDA. This is a premium multiple relative to the ~14.5x EBITDA RCL paid for LIND peer Silversea. However, we do not see a near term catalyst for multiple compression given LIND's differentiated product, improving occupancy, and structurally advantaged customer acquisition channel.

Description: Lindblad Expedition Holdings (NASDAQ: LIND) is a provider of high-end experiential cruising and adventure travel services to "bucket list" destinations. The company has two operating segments: the Lindblad (cruise; 64% of 2025 revenue) segment, and the Land Experience (hiking tours, group cycling; 36% of 2025 revenue) segment. Lindblad's customer base is generally composed of individuals ~60 years of age with an average net worth exceeding $3 million.

Market cap: $2.1B

Why did we investigate this company?

1) Potential competitive threats from larger, better-capitalized companies entering the experiential cruise market.

2) Contract renegotiations with Disney structurally compressing margins due to a step-up in royalty fees.

3) Trading at a premium relative to precedent transactions.

What research did we perform?

1) Standard preliminary company research - reviewed recent filings, transcripts, presentations, "street" research, etc.

2) Built a financial model
