

[Press Release]



## Tongcheng Travel Holdings Limited

同程旅行控股有限公司

(Stock Code: 0780.HK)

### Tongcheng Travel 2023 First Quarter Earnings Soar on Robust Domestic Travel Demand

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#### Adjusted Net Profit Increases by 106% to RMB503.6 Million

(24 May 2023 - Hong Kong) – **Tongcheng Travel Holdings Limited** ("Tongcheng Travel" or the "Company", together with its subsidiaries the "Group", stock code: 0780.HK), an innovator and leader in China's online travel industry, today announced its unaudited consolidated results for the three months ended 31 March 2023 (the "period under review" or "2023 Q1").

#### 2023 Q1 Highlights

#### With 2022 Q1 Year-on-year and 2019 Q1 (Pre-pandemic Period) Comparison

##### **Strong Revenue and Profit Rebound**

- Revenue increased by 50.5% year-on-year to RMB2,586.1 million
- Adjusted EBITDA increased by 67.0% year-on-year to RMB732.2 million; adjusted EBITDA margin increased from 25.5% in 2022 Q1 to 28.3%
- Adjusted net profit for the period increased by 105.6% year-on-year to RMB503.6 million; adjusted net margin increased from 14.3% in 2022 Q1 to 19.5%

##### **Record-highs in Average Number of MAUs and MPUs**

- Number of average monthly active users ("MAUs") increased by 16.9% year-on-year to 286.1 million, an increase of 43.6% compared to pre-pandemic period
- Number of average monthly paying users ("MPUs") increased by 30.6% year-on-year to 41.4 million, an increase of 79.2% compared to pre-pandemic period
- Paying ratio rose from 12.9% in 2022 Q1 to 14.5%

**Mr. Ma Heping, Executive Director and Chief Executive Officer of Tongcheng Travel**, said, "China's domestic travel market has witnessed an impressive rebound since the lifting of pandemic restrictions in early 2023. We are pleased to have captured the long pent-up market demand and achieved business record highs across the board in the first quarter of 2023, thanks to the strategic planning we had made in prior years that enabled us to maintain solid development even amid the pandemic. We continue to expand our user base, deepened our reach in non-first-tier cities, and strengthened our innovation capabilities. Our flexible and highly efficient strategies that respond swiftly to market changes have placed us in a solid position to ride on the market revival. We expect to see sustainable demand from consumers and are confident to outperform the industry with continuous growth."

### **Transportation Ticketing and Accommodation Reservation Achieved Record Highs**

During the period under review, the Group's two major businesses, namely, transportation ticketing and accommodation reservation, both reached record highs. Revenue from transportation ticketing services increased by 35.9% year-on-year to RMB1,382.7 million, mainly driven by the historic high in total ticketing volume. The accommodation business witnessed substantial development, with revenue increasing by 53.6% year-on-year to RMB834.3 million. The room nights sold also witnessed a record-breaking peak and obtained over 130% year-on-year growth compared with the same period of 2019. Revenue from others, including advertising services, membership services, corporate travel services, ancillary value-added user services, hotel management services and attraction ticketing services, also increased by 134.1% year-on-year to RMB369.2 million.

### **Hotel Management and Package Tour Businesses as New Growth Drivers**

Tongcheng Travel expanded via organic development and acquisitions to foster additional growth points. It expanded the hotel management business coverage under a comprehensive brand matrix, and started to develop its own package tour business following the acquisitions of certain traditional travel agency businesses. The package tour business is expected to be a gateway for the Group to delve into both domestic and international leisure vacations market in the future.

### **Tapped Further into Tencent Ecosystem and Developed New Scenarios to Diversify User Traffic**

Tongcheng Travel continued to diversify its user traffic sources and expand its user reach through online and offline traffic channels. It expanded the services via Weixin Search (搜一搜), which covers hotel booking, transportation ticketing and tourist attraction ticketing, providing effortless and handy access to enhance user experience. While deepening its reach in the Tencent ecosystem, the Company has also developed usage scenarios through tapping into the ecosystems of cellphone manufacturers, short-video platforms, APPs, and others. For offline user acquisition, it worked with hotels to divert users to its platform through QR code scanning and developed alternative channels to tap into new scenarios through buses, metro and intra-city buses to attract potential users from non-tier-one cities.

### **Raised Efficiency Through Technology, Pushed Forward the Digitization**

To further increase user satisfaction, Tongcheng Travel explored the feasibility of applying Artificial Intelligence Generated Content (AIGC) in operations in respect of customer service, product development and content management. Moreover, it further refined its Huixing system which offers intelligent travel solutions to enable users to make better travel arrangement during peak seasons when travel resources are scarce.

While Tongcheng Travel strengthened its capabilities, it also strived to drive the digitization of the industry. It provided Software-as-a-Service (SaaS) solutions through its comprehensive portfolio of hotel PMS brands to more individual, chain hotels and alternative accommodations to help them improve operational efficiencies. Tongcheng Travel established strategic cooperation with Yichang Sanxia Airport to develop it as the hub airport in southwest Hubei Province by leveraging its big data capability and local tourism resources. In addition, it also assisted regional airports in Inner Mongolia to boost their throughput by devising transit products for them.

### **Developed Village Tourism with “Tongcheng Thousand Villages Program”**

As a socially responsibly enterprise, Tongcheng Travel is driven by a dedication to create value for

stakeholders and the society at large. It launched the “Tongcheng Thousand Villages Program” to help more villages build sustainable tourism models and promote the development of the local green economy. Furthermore, Tongcheng Travel provided exclusive customer service for the hearing impaired and set up “Tongcheng Rest Stops” for outdoor workers. These actions were recognized by the China Consumers Association as one of the top 10 “Excellent Cases of Corporate Initiatives 2023”.

### **Strong Recovery During the Labor Day Holiday**

China’s travel industry is now undergoing recovery. According to the data center of the Ministry of Culture and Tourism, it is estimated that a total of 274 million domestic tourist trips were made during the 2023 Labor Day holiday, representing an increase of 70.8% year-on-year, recovering up to 119.1% of the same period in 2019 on a comparable basis. The strong rebound was a clear sign of the population’s enthusiasm for traveling.

“We are optimistic about the future development of China’s travel industry. Especially in non-tier-one cities, the tourism-related infrastructure will improve significantly, and bringing a wider variety of offerings to the travel industry and more convenience to travelers. Having overcome a period of hardship during the pandemic, consumer behavior has gone through fundamental changes, as seen in the rising popularity of short-haul trips and staycations, which we believe will continue to bring additional growth momentum to the travel industry. We are confident that we can outperform the market by harnessing our competitive advantages in diversified sources of user traffic, solid market position, flexible operation strategy, and advanced technological capabilities,” **Mr. Ma** said.

Tongcheng Travel will continue to expand its sources of user traffic and expand its user base. Moreover, it will further improve products and services to cater to users’ needs. At the same time, it will explore opportunities for local and international business expansion and investment opportunities that match its strategic goals for future business growth to generate long-term sustainable value for its stakeholders and communities.

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**About Tongcheng Travel Holdings Limited (HKSE Stock Code: 0780.HK)**

Tongcheng Travel is a one-stop shop for users' travel needs. With the mission "make travel easier and more joyful", Tongcheng Travel offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel, including transportation ticketing, accommodation reservation, tourist attraction ticketing, and products including package tour, self-guided tour and cruise, covering a wide array of transportation and leisure travel scenarios primarily through its online platforms, which comprise its Tencent-based platforms, its proprietary mobile apps, quick apps and other channels.

As a technology-driven company, Tongcheng Travel leverages big data and AI capabilities to better understand the preferences and behaviors of users, thereby offering users customized products and services. Tongcheng Travel has a strategic focus on lower-tier cities in China and seized opportunities there supported by its diversified traffic sources, product innovation capability and flexible operation strategies. Through the in-depth understanding of user experience and advanced technological capabilities, Tongcheng Travel has been revolutionizing what consumers expect from the online travel industry, making the entire travel process more convenient, personalized and enjoyable than ever. Tongcheng Travel aims to develop and apply its advanced technology to transform from an online travel agency to intelligent travel assistant.

For more information, please visit the Group's website at <https://www.tongchengir.com>