



同程艺龙

Annual Results 2018

March 2019

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# Today's Presenters



**Wu Zhixiang**  
Co-Chairman  
Executive Director



**Ma Heping**  
Executive Director  
Chief Executive Officer



**Wu Jiazhu**  
Chief Strategy Officer



**Fan Lei**  
Chief Financial Officer

# Agenda

1

**Company Overview**

2

**Business Highlights and Updates**

3

**Financial Highlights**



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Section 1

Company Overview



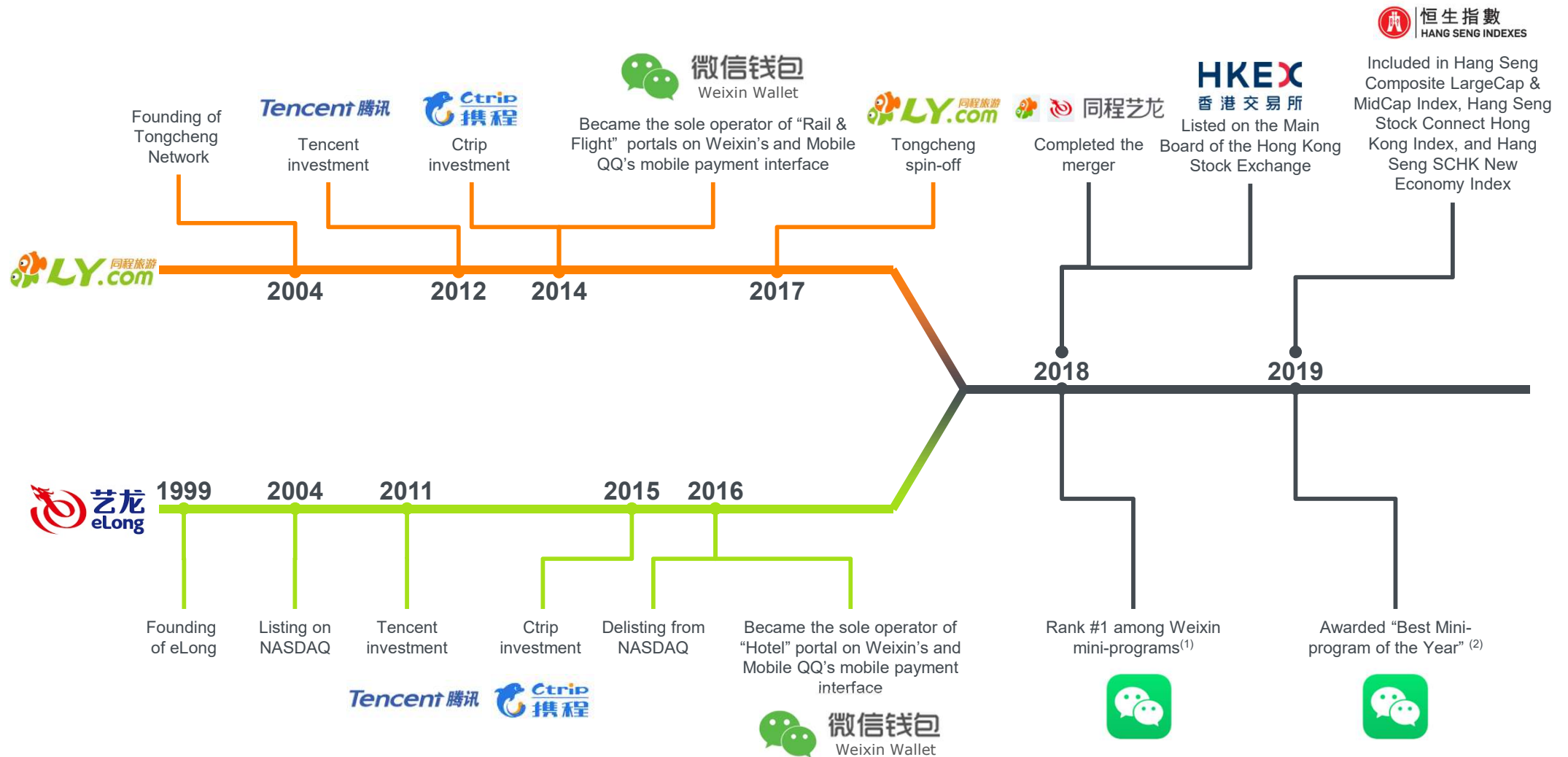
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Tongcheng-Elong Holdings Limited

Our Mission is to Make  
Travel **Easier** and  
**More Joyful**



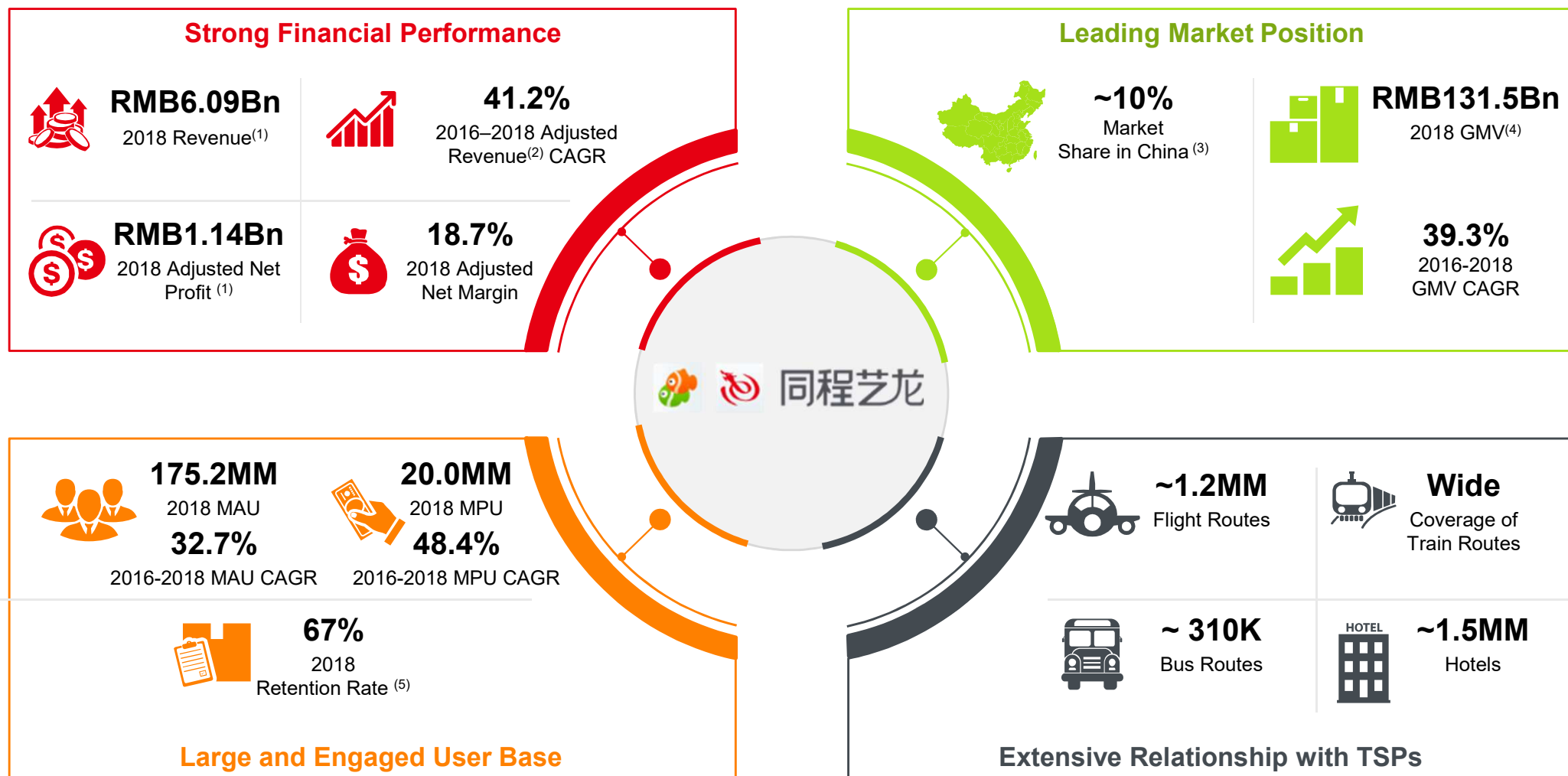
# Combination of Two Industry Pioneers and Leaders



**Notes**

1. According to the Aladdin Index
2. At the Aladdin Annual Conference

# Our Scale, Growth and Achievements



## Notes

1. Calculated as sum of the Group's financials and Tongcheng Online Business, excluding adjustments made related to the Merger
2. Adjusted revenue equals (i) revenue on Tongcheng and eLong combined basis, less (ii) the excess of gross-up revenue over commissions for inventory-risk-taking accommodation reservation
3. In terms of GMV in 2017 in China's online travel market, according to iResearch
4. Calculated from the aggregate of transportation ticketing GMV and accommodation reservation GMV of Tongcheng and eLong combined in 2018
5. The proportion of new users that purchase products and services at least once during the period of 12 months from the date of initial purchase



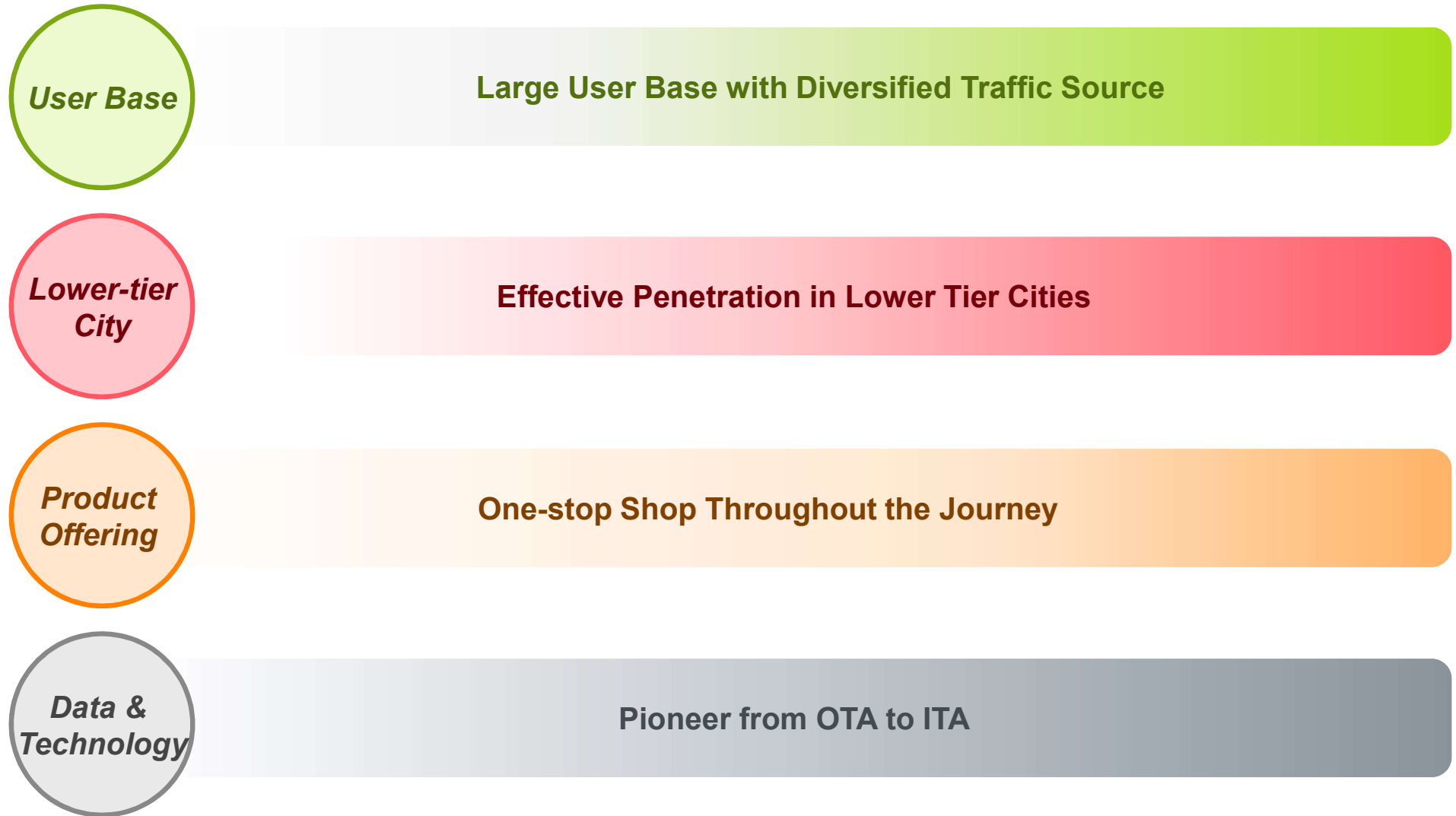


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Section 2

Business Highlights and Updates

# Our Business and Strategic Highlights

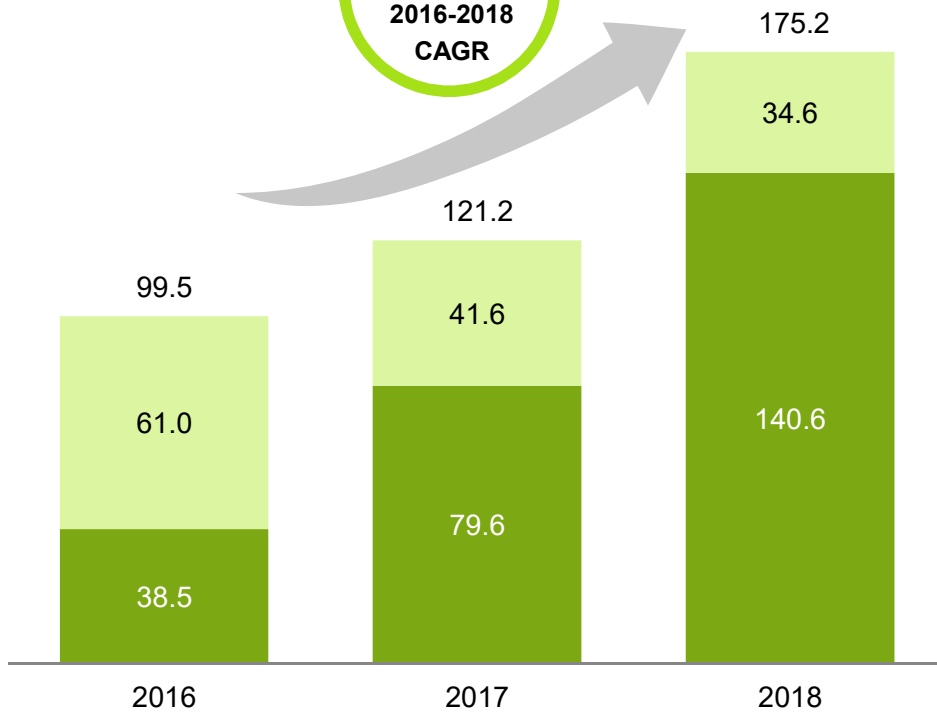


# 1 Large and Fast Growing User Base

Average MAU<sup>(1)</sup>

MM

**32.7%**  
2016-2018  
CAGR

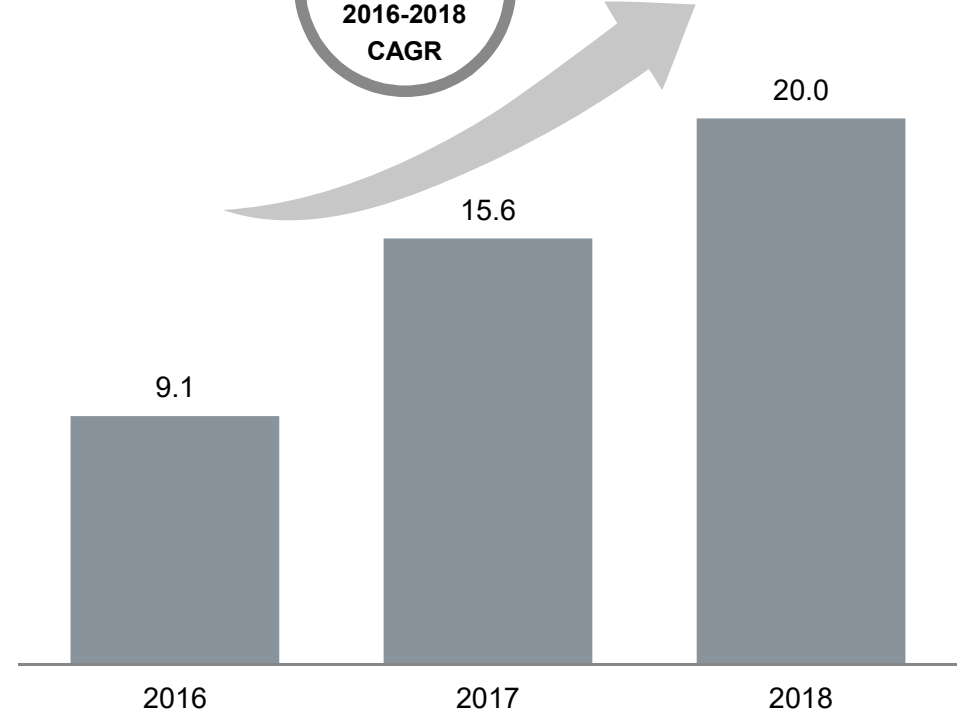


■ Tencent-based channel ■ Own Mobile Apps and Websites

Average MPU<sup>(2)</sup>

MM

**48.4%**  
2016-2018  
CAGR

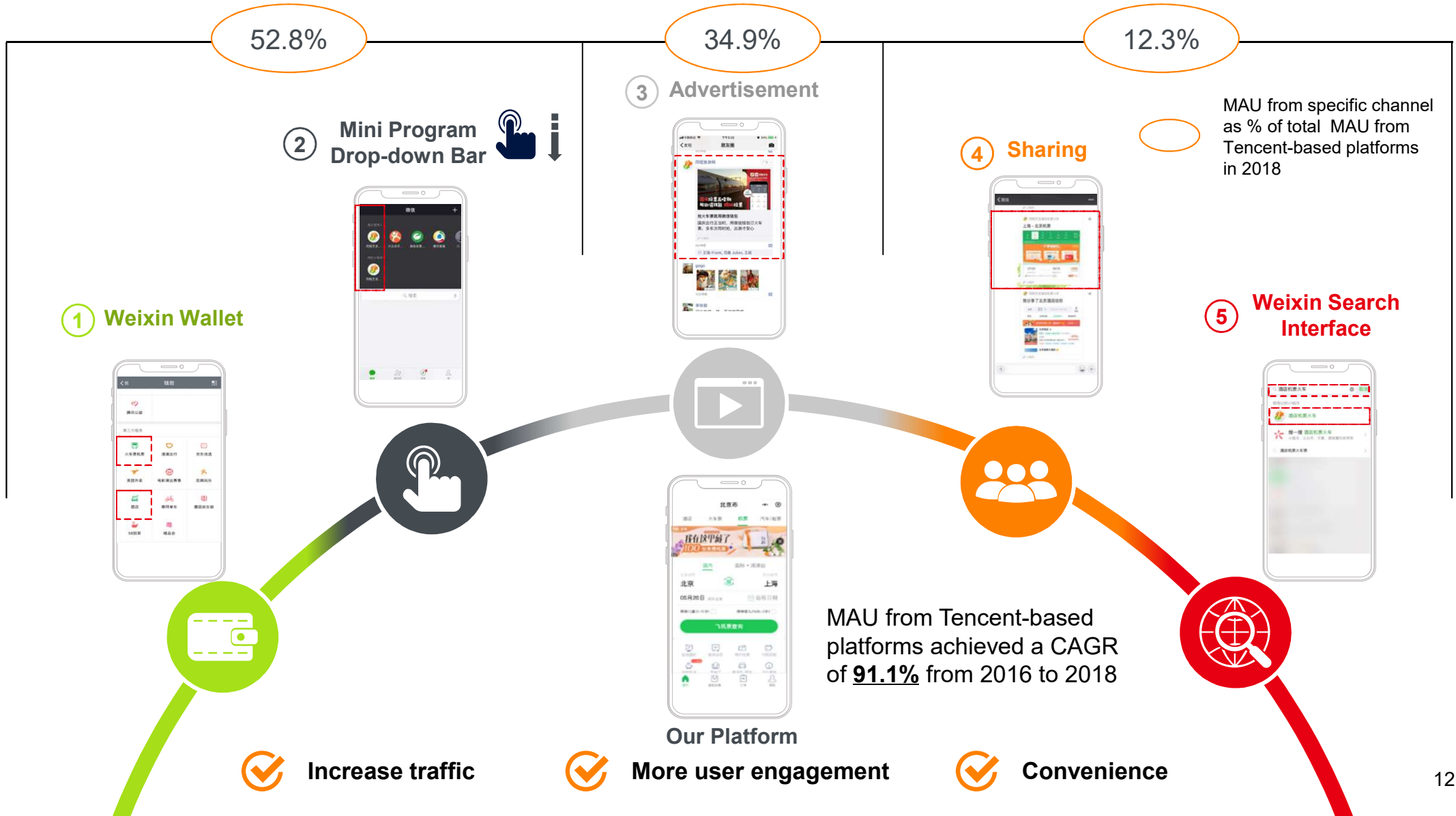


**Notes**

1. Average MAUs of Tongcheng and eLong combined. The MAUs of Tongcheng and eLong combined in 2018 were generated after eliminating duplicates users between Tongcheng and eLong from Weixin
2. Average MPUs of Tongcheng and eLong combined. The MPUs of Tongcheng and eLong combined in 2018 were generated after eliminating duplicates users between Tongcheng and eLong from Weixin

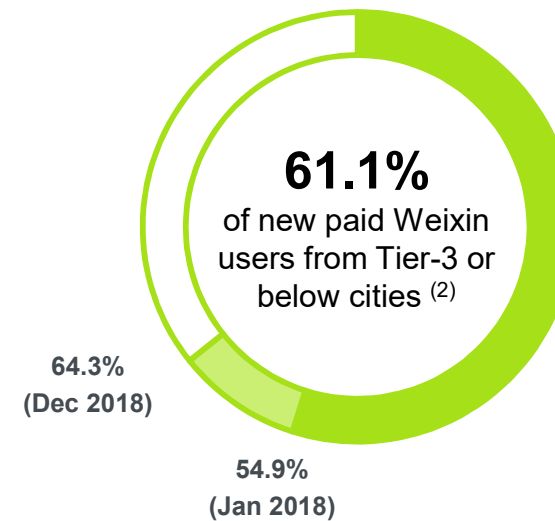
# 1 Diversified Traffic Sources within Weixin Platform

We Direct Users to Our Mini Program Based Platform from Various Channels on Weixin



## 2 Effective Penetration in Low-tier Cities

### Attractive Demographic Feature of Our Users



The total travel spending of residents in non-first-tier cities accounted for **89.7%** of total travel spending in China in 2017



The market is expected to grow at a CAGR of 11.7% from 2017 to 2022, **outpacing** that of 6.3% for first-tier cities



Residents in non-first-tier cities have **increasing demands for quality travel products**

#### Notes

1. As of December 31, 2018

2. For the year ending December 31, 2018

# 3 One-stop Shop Throughout the Journey



Capture More Revenue Opportunities



Increase User Engagement and Stickiness

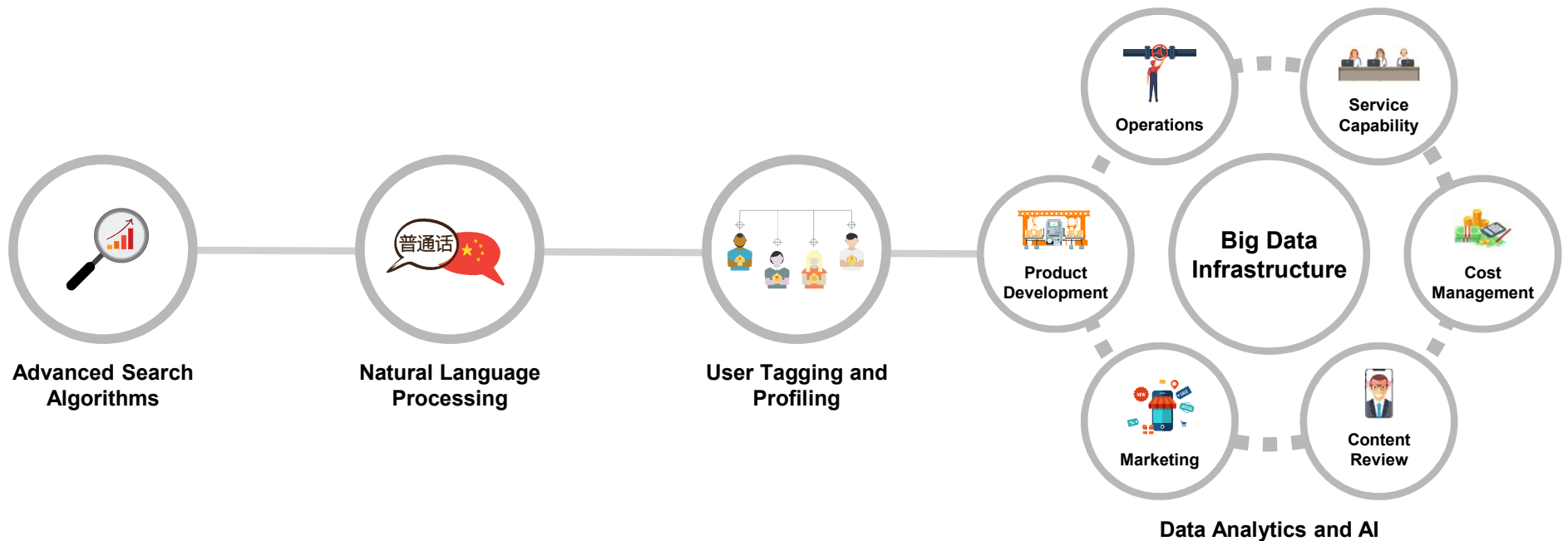


Higher Spending Per User



More Repeat Purchase

# Best-in-class Technology Infrastructure and Data Analytics



# 4 From OTA to ITA

## Online Travel Agency (OTA)



## Intelligent Travel Assistant (ITA)





# 4 ITA Product Demo

## Case Study 1: "Huixing" System



Intelligently provide train-flight combo options for users travelling from Beijing to Guangzhou

## Case Study 2: Networking During the Journey



Travelers can find and chat with people they meet during the journey in our platform

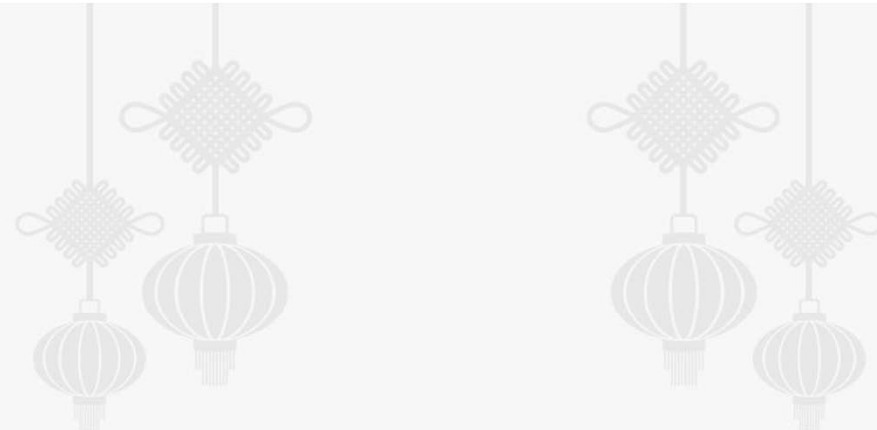
## Case Study 3: Facial Identification for Hotel Check-in



- ✔ Intelligent travel options with product combo of railway, flight, bus and ferry
- ✔ Selection, payment and service at one click
- ✔ Capture more revenue opportunities

- ✔ Increase user engagement and stickiness
- ✔ Enhance user experience
- ✔ Increase user traffic

- ✔ Automatic and secure information transmission
- ✔ Speedy and streamline check-in process
- ✔ Reduce cash inventory required at counter



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Section 3

Financial Highlights

# Our Financial Highlights



**Industry Leading Growth and Profitability**

**1**



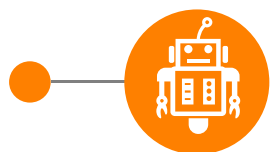
**Significant Potential from User Conversion and Monetization**

**2**



**Gross Margin Expansion Driven by Technology and Product Optimization**

**3**



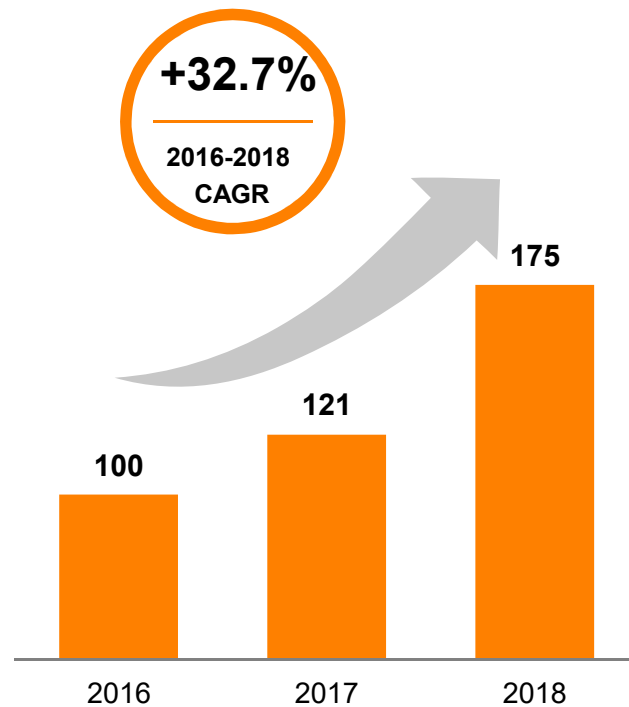
**Efficient User Acquisition and Increasing Operating Leverage**

**4**

# Steadily Expanding User Base and Increasing User Engagement

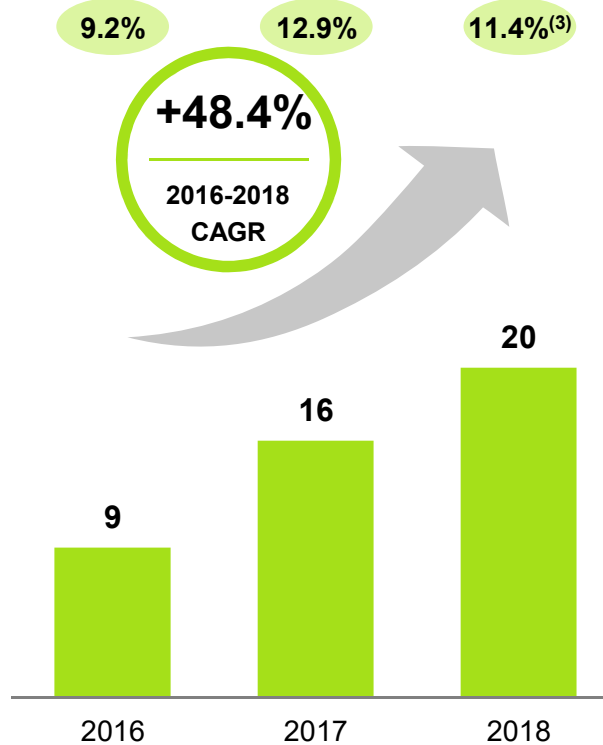
## MAUs<sup>(1)</sup>

MM



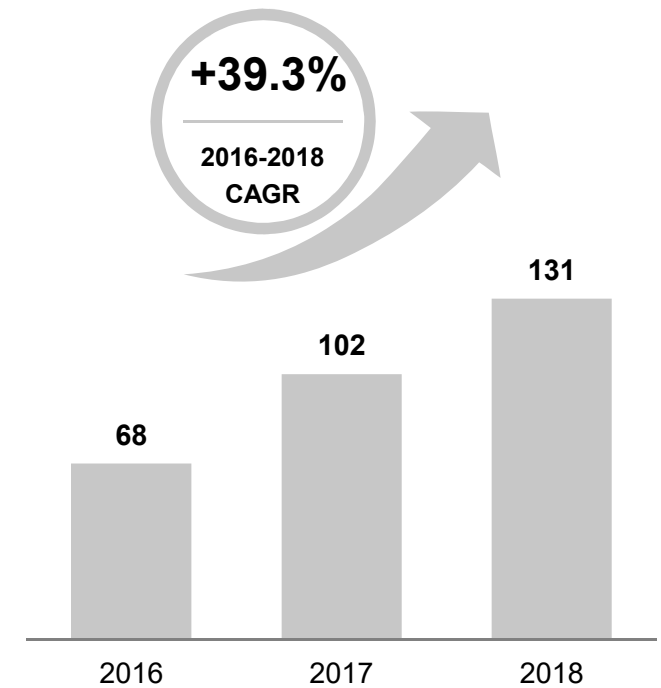
## MPUs<sup>(2)</sup>

MM

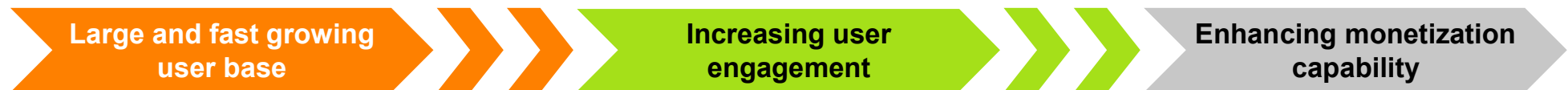


## GMV<sup>(4)</sup>

RMB Bn



● Paying ratio



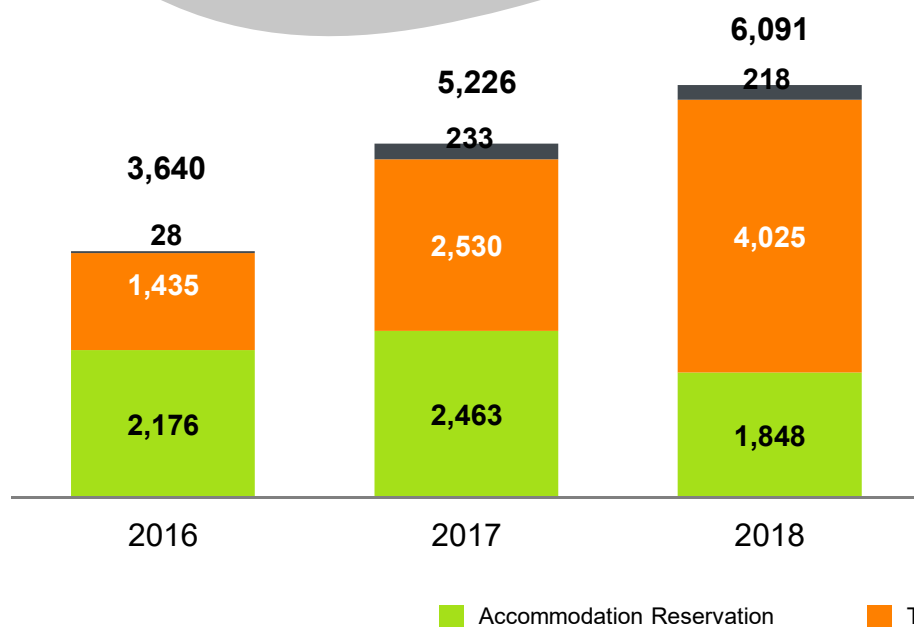
**Notes**  
 1. Average MAUs of Tongcheng and eLong combined. The MAUs of Tongcheng and eLong combined in 2018 were generated after eliminating duplicate users between Tongcheng and eLong from Weixin.  
 2. Average MPUs of Tongcheng and eLong combined. The MPUs of Tongcheng and eLong combined in 2018 were generated after eliminating duplicate users between Tongcheng and eLong from Weixin.  
 3. Calculated as MPUs divided by MAUs. The ratio slightly decreased in 2018 due to the change of traffic source mix.  
 4. Tongcheng and eLong combined GMV.

# Robust Revenue Growth

## Revenue <sup>(1)</sup>

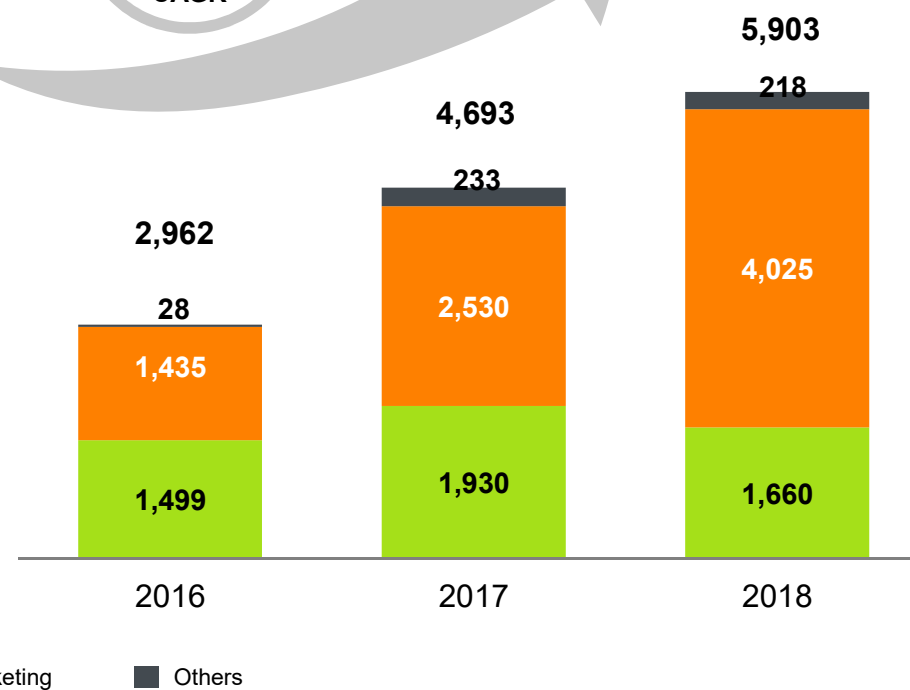
RMB MM

**+29.4%**  
2016-2018  
CAGR



## Adjusted Revenue <sup>(1)(2)</sup>

**+41.2%**  
2016-2018  
CAGR

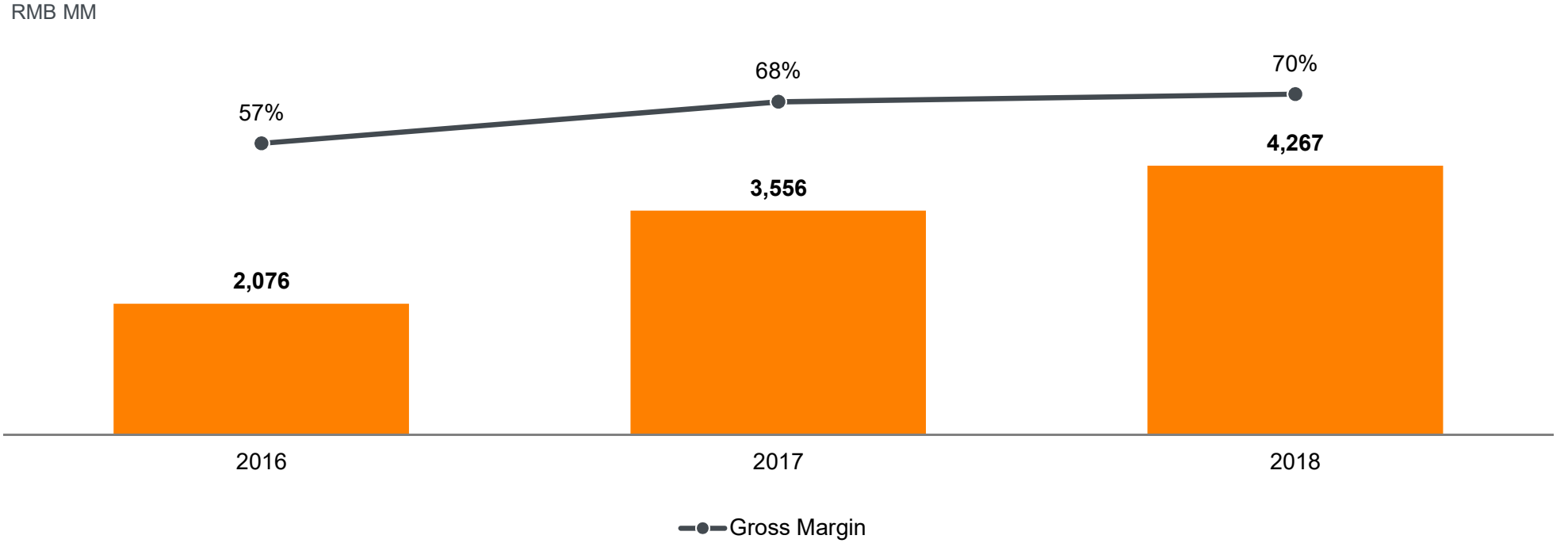


### Notes

1. Financials for Tongcheng-Elong from 2016 to 2018 refer to Tongcheng Online Business and eLong combined financials
2. Adjusted revenue equals (i) revenue, less (ii) the excess of gross-up revenue over commissions for inventory-risk-taking accommodation reservation

# Continuously Improving Gross Margin

## Gross Profit (1)



**Automation and efficiency improvement**



**Service quality and product competitiveness improvement**



**Product portfolio optimization**



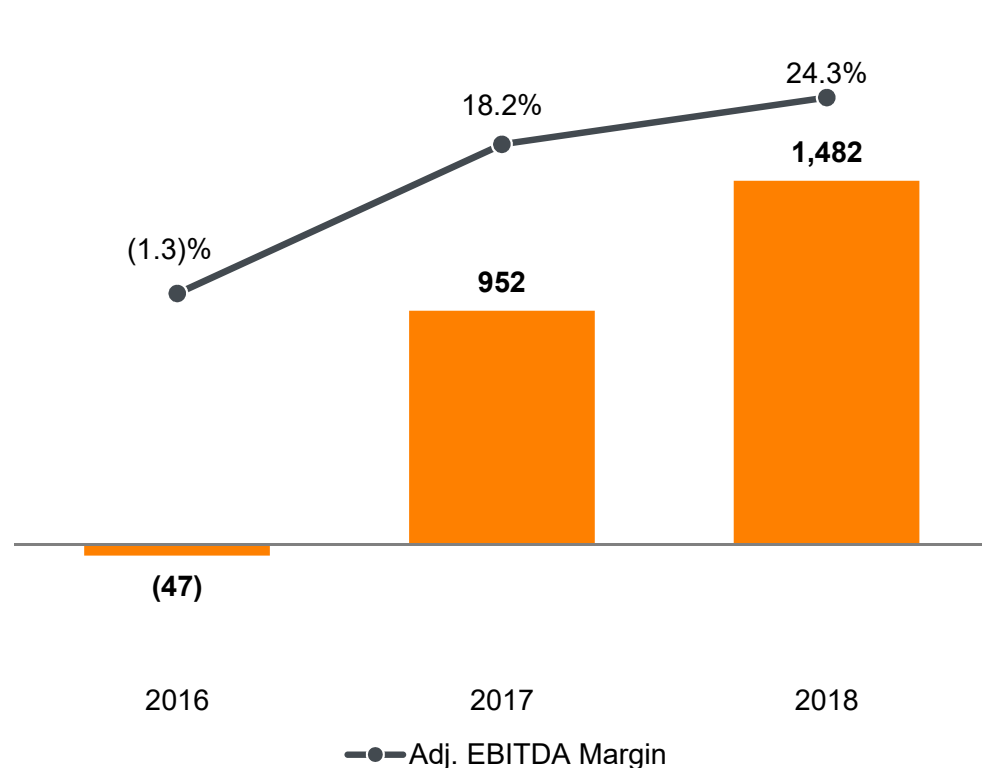
**Economy of scale**

**Notes**  
1. Financials for Tongcheng-Elong from 2015 to 2018 refer to Tongcheng online business and eLong combined financials

# Steadily Increasing Profitability Margins

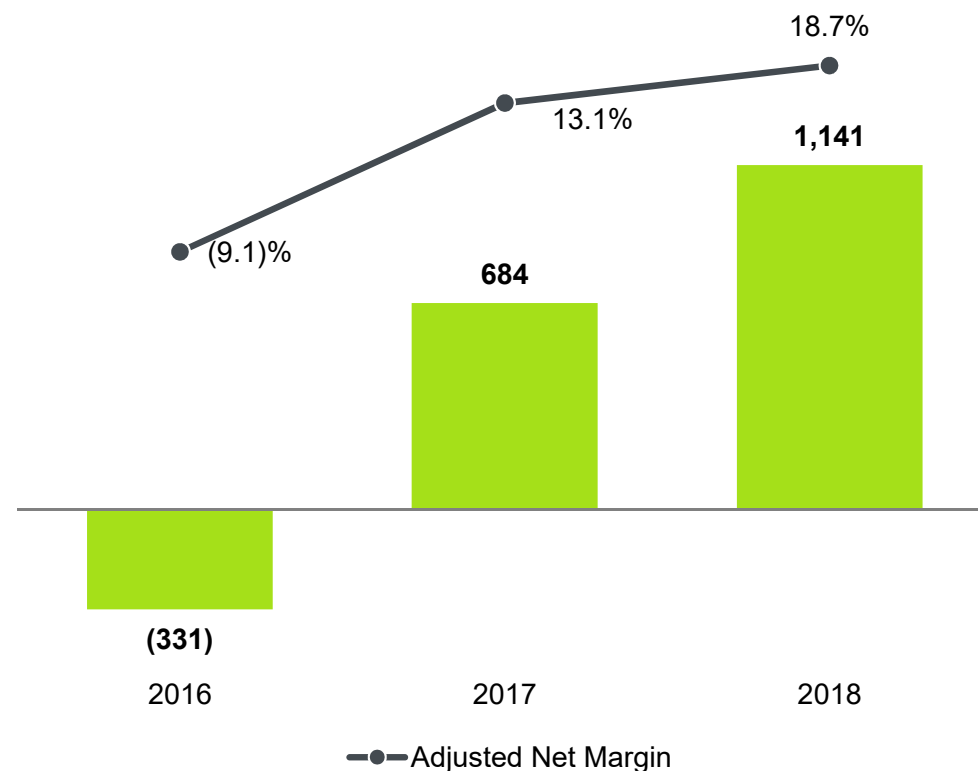
## Adjusted EBITDA (1)(2)

RMB MM / %



## Adjusted Net Profit (1)(3)

RMB MM / %



### Notes

- Financials for Tongcheng-Elong from 2015 to 2018 refer to Tongcheng Online Business and eLong combined financials
- Adjusted EBITDA is calculated as operating profit adding back share-based compensation, amortization of intangible assets, depreciation of property, plant, and equipment, selling and marketing expenses in the form of newly issued preferred shares, charges related to re-designation of ordinary shares to preferred shares in connection with the eLong Cayman Privatization, reorganization cost, issuance of ordinary shares at discount, listing expense, and acquisition-related cost; Adjusted EBITDA margin equals adjusted EBITDA divided by revenue for the same year
- Calculated as profit for the year adding back share-based compensation, amortization of intangible assets from acquisitions, selling and marketing expenses in the form of newly issued preferred shares, fair value change on redeemable convertible preferred shares measured at fair value through profit or loss, charges related to re-designation of ordinary shares to preferred shares in connection with the eLong Cayman Privatization, reorganization cost, issuance of ordinary shares at discount, income tax expense related to re-organization, listing expense, and acquisition-related cost;



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Appendix



# China's Travel Market Presents Vast Growth Potential

## Supply

- ✓ Improving transportation infrastructure
- ✓ Increasing quality TSPs
- ✓ More product variety

## Demand

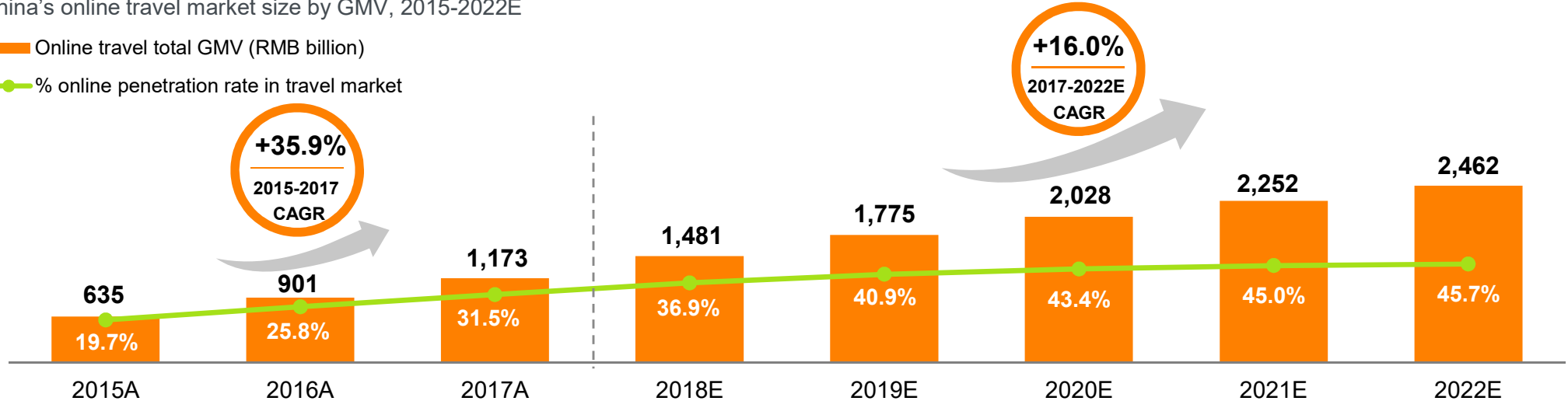
- ✓ Rising consumption power
- ✓ Increasing urbanization ratio
- ✓ Demand for high quality travel

## ... and is Continuously Moving Online

China's online travel market size by GMV, 2015-2022E

— Online travel total GMV (RMB billion)

— % online penetration rate in travel market



China's online travel market has been growing rapidly with strong growth potential, with **31.5% online penetration rate vs. 45.0% in US in 2017**

# Online Travel Market in China is Rapidly Evolving

**1**




## Entered into "Super App" Era

- Super apps with multi-functions attract majority of user traffic
  - Weixin and Mobile QQ are the two largest Super Apps in China (1)
- Super Apps provide access to OTA's comprehensive service offerings without having to download additional apps

**Social Network** **E-commerce** **Search Engines** **Mobile Payment**

**2**

## Demand for Quality Products

 <b>Booking experience</b>	 <b>Speed</b>
 <b>Authenticity</b>	 <b>Accuracy</b>
 <b>Ancillary value-added services</b>	 <b>Social</b>
 <b>Customer service</b>	 <b>Transparency</b>

**3**

## OTAs Becoming One-Stop Shop

**Unlock an amazing travel experience with one click**

**4**

## Technology Enables Smart Travel Solutions

### Online travel platforms

- Allow for intelligent booking
- Create innovative solutions
- Build comprehensive user profile
- Personalize travel products

### Travel service providers

- Better sourcing, distribution and inventory management capabilities

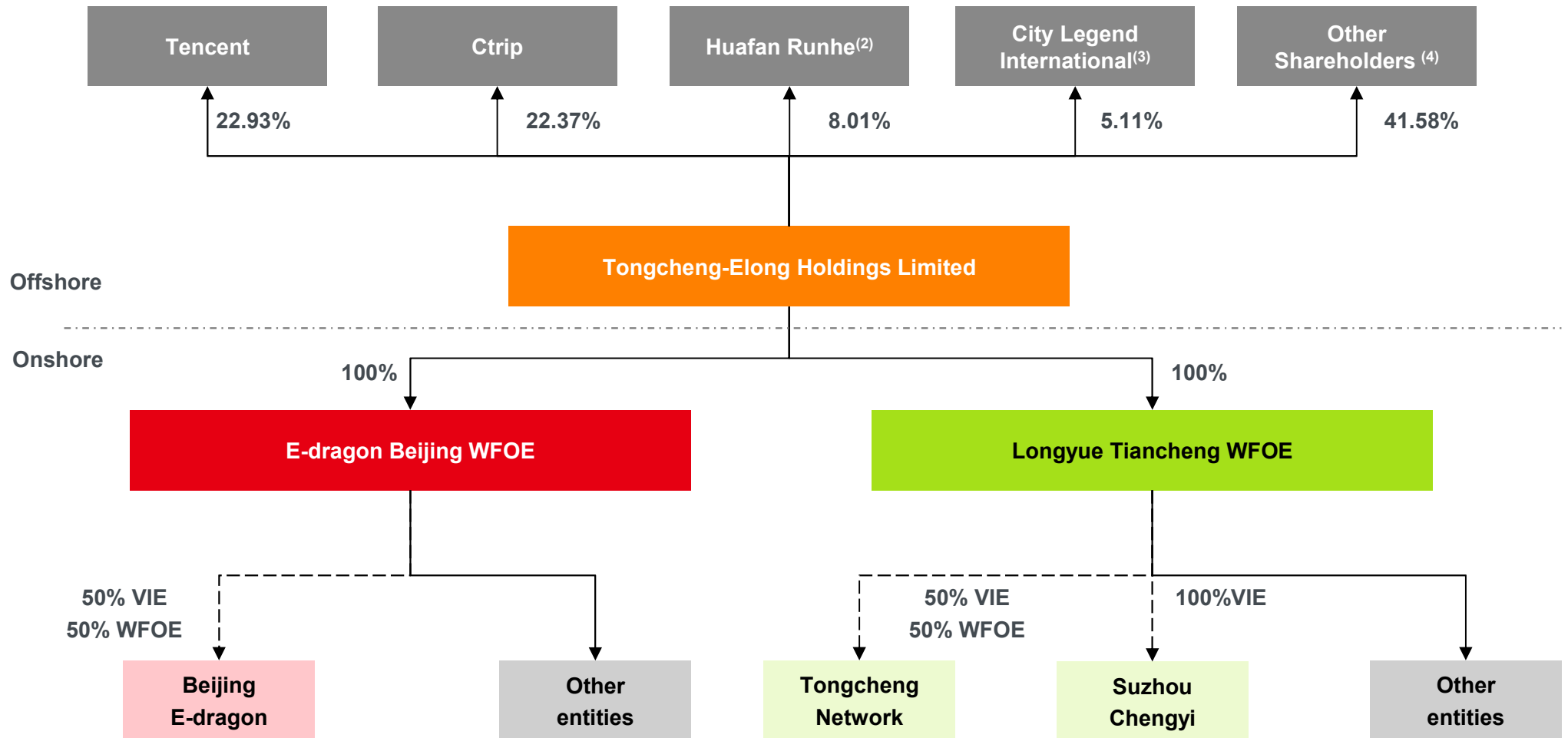
**Target** **Idea** **Clipboard** **Laptop** **Search**

Source: iResearch

#### Notes

1. In terms of user base, according to iResearch

# Corporate Structure<sup>(1)</sup>



## Notes

1. This is a simplified structure and for illustrative purpose only. The diagram illustrates the corporate structure immediately after the completion of the Capitalization Issue, the Global Offering and the allotment of the over-allotment shares
2. Huafan Runhe is 20% owned by each of the Tongcheng Network Founders
3. City Legend International Limited is wholly-owned by Overseas Chinese Town (Asia) Holdings Limited
4. Other shareholders mainly include shares owned by pre-IPO investors (including members of the Management) and other public shareholders