

[Press Release]



**Tongcheng Travel Holdings Limited**  
同程旅行控股有限公司  
(Stock Code: 0780.HK)

## **Tongcheng Travel Rides on Industry Revitalization Delivers Strong Earnings in 2023Q3 Adjusted Net Profit Rises by 146.5% to RMB620.6 Million**

【21 November 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 30 September 2023 (the "period under review" or "2023Q3").

### **2023Q3 Highlights with Year-on-year Change**

#### **Remarkable growth on industry revitalization**

- Revenue increased by 61.1% to RMB 3,299.3 million, thanks to effective strategies to capitalize on the sustained travel frenzy
- Adjusted EBITDA rose by 88.2% to RMB 870.0 million; adjusted EBITDA margin increased by 3.8 percentage points to 26.4% as profitability rose
- Adjusted net profit surged by 146.5% to RMB 620.6 million; adjusted net margin widened by 6.5 percentage points to 18.8%
- Profit for the period amounted to RMB 515.5 million

#### **User base expanded with deepened reach into non-first tier cities**

- Average MPUs<sup>1</sup> rose by 20.1% to 44.2 million
- APUs<sup>2</sup> grew by 12.1% to historic high of 224.7 million
- Over 71% of new paying users on the Weixin platform were from non-first-tier cities in 2023Q3
- Registered users residing in non-first-tier cities accounted for approximately 87% of the total registered users

#### **Record-setting growth across core businesses with both volumes and revenues reaching new highs**

- Transportation ticketing revenue rose by 70.3% to RMB 1,679.9 million
- Accommodation reservation revenue grew by 37.7% to RMB 1,127.4 million
- Revenue from others\* increased by 102.8% to RMB 491.9 million

1. MPUs = Monthly Paying Users, 2. APUs = Annual Paying Users

\* Revenue from others mainly includes revenues generated from (i) advertising services; (ii) tourism services; (iii) hotel management services; (iv) membership services; (v) ancillary value-added user services; and (vi) corporate travel services.

**Mr. Ma Heping, Executive Director and Chief Executive Officer of Tongcheng Travel**, said, “The domestic travel market in China has experienced a phenomenal recovery since the beginning of 2023, showing stellar rebound as compared to the pre-pandemic period. We delivered accelerated growth in 2023Q3, posting record highs in both transportation ticketing and accommodation reservation businesses in terms of both volumes and revenues. Consumers are eager to explore new scenic spots and travel destinations for unparalleled experiences. We swiftly responded to surging travel demand, flexibly executing our strategies to deepen market reach, enrich service and product offerings, strengthen brand presence, and promote industry digitization to achieve win-win collaborations. We maintain an optimistic outlook on the sustained growth of the China travel industry. Going forward, we will continue to capitalize on the significant room for growth in lower-tier cities and seek opportunities in international markets to address both China’s domestic and outbound travel demands.”

### **User Base Expansion through Diverse Online and Offline Channels**

The Group seized rising market opportunities and captured user flows through diverse online and offline user acquisition channels to develop diversified traffic sources. The Group deepened its strategic partnership with Tencent and consistently invested in major channels within the Tencent ecosystem. It teamed up with QQ Browser to provide users with convenient access to their travel products on Weixin mini-program. It also joined hands with Tencent Doc and delivered customized travel-related content targeting younger user groups.

Moreover, the Group officially launched a strategic collaboration with a top-notch handset maker in China to provide convenient mobile transportation ticketing and accommodation reservation services to its users. It also widened user reach by pre-installing its App on mobile phones. Its App was selected for the second time by App Store as “Editors’ Choice” during the period under review.

Offline, the Group leveraged the significant traffic of metro and intra-city buses to expand coverage in lower-tier cities. The offline user acquisition initiatives contributed to the growth of MPUs. During the period under review, the Group’s recorded historic highs in both average MPUs and APUs. APUs increased by 12.1% year-on-year to 224.7 million, while the average MPUs increased by 20.1% to 44.2 million, or a 48.3% increase compared with the same period of 2019.

### **Comprehensive Product and Service Offerings Drove Record Performance in Transportation Ticketing and Accommodation Reservation**

The Group deepened collaborations with airlines, airports and hotels during the period under review, and continued to solidify its edge in the conventional travel segment. It also strengthened its bus ticketing, car-hailing and other public transportation ticketing service scenarios, fulfilling the diverse demands for business trips and travel, local entertainments, short-haul vacation, packaged tours, concert and e-sports tours, etc.

The Group saw accelerated growth in its transportation ticketing business and accommodation reservation services when compared to 2022Q3, posting unprecedented highs in volumes and revenues.

Transportation ticketing revenue surged by 70.3% year-on-year to a record high of RMB 1,679.9 million during the period of review. The domestic air ticket volume increased by more than 30%

compared to 2019Q3, with international air ticket volume recovered significantly and surpassed the level of 2019. The accommodation reservation business also attained record high. Its revenue increased by 37.7% year-on-year to RMB 1,127.4 million, while the room nights sold grew by 100% compared to the same period of 2019.

The Group endeavored to offer value-added products and services to foster user loyalty. It is committed to expanding user reach towards the younger generations and was the first online travel agency to integrate e-sports into its user engagement program. It also collaborated with local tourism bureaus to co-host music festivals and outdoor marketplaces. During the period under review, it teamed up with the Luoyang Museum to initiate events showcasing traditional Chinese costumes to increase customer stickiness.

### **Diversified Revenue Streams Yielded a 15% Increase in Other Revenues**

During the period under review, revenues from others, including advertising services, hotel management services, corporate travel services, membership services and attraction ticketing services, recorded a 102.8% growth to RMB 492 million, or a 115% increase as compared with pre-pandemic period. As a percentage of total revenue, it increased from 11.1% in 2019 to approximately 15%, demonstrating ample room for further growth.

The Group seeks diversification within the travel industry to pursue sustainable growth and a broader foothold across the travel industry. Its Elong Hotel Technology adopts an asset-light business model and empowers operators in the accommodation sector by providing added capabilities across eight key areas such as brand profile, technology and marketing. During the reporting period, it has further expanded the hotel management business by incorporating additional franchise hotels into its network. As of September 2023, over 1,200 hotels were in operation on the Elong Hotel Technology platform.

At the same time, the Group is rebuilding local and international supply chains for the packaged-tour business. It is establishing different online and offline channels and has expanded its service portfolio to include international air tickets, international hotels, cruise trips, customized group tours, visa applications, and other product categories.

### **Facilitating Digital Transformation of Travel Industry with Technology Edge**

The Group has made significant progress in incorporating technology in its business to provide better travel experience and facilitate digitalization of the travel industry as a whole. It has made remarkable improvements applying Artificial Intelligence Generated Content (AIGC) in its customer service. Moreover, through its comprehensive portfolio of hotel property management system (PMS) brands, the Group offered Software-as-a-Service (SaaS) solutions to more individual and chain hotels, as well as alternative accommodation to optimize their operational efficiencies.

In addition, the Group has established strategic cooperation with Henan Airport Group during the period under review and helped build Weixin mini-program to offer its customers various airport services, facilitating the airport's digital transformation. It has also joined hands with a county government in Shanxi province to assist in developing an intelligent travel platform, offering tourists easy access to tourism-related information.

The Group is committed to contributing to the travel industry and society and has earned itself an AA grade on the MSCI ESG rating scale for the second consecutive year. In September 2023, the Group

fostered collaborations with hotels and set up “Tongcheng Support Stations” to provide resting areas and emergency supplies to victims affected by a severe typhoon in the region. The Group pledges to continue engaging in initiatives that promote sustainable development of the travel industry and society.

“Going forward, we will continue leveraging our competitive advantage in diversified traffic sources, solidifying our market position, maintaining flexibility in our business strategies, and constantly seeking technological innovation. We are committed to refining our products and services to provide users with more delightful experiences, while applying our technological edge to contribute to the digitization of China’s travel industry. Furthermore, we will pursue investment opportunities consistent with our strategic goals to enhance our future business growth to generate sustainable value for stakeholders and communities over the long run,” Mr. Ma added.

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

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, including 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>