



## **Tongcheng-Elong Holdings Limited**

*(Incorporated in the Cayman Islands with Limited Liability)  
(Stock code: 0780)*

### **Tongcheng-Elong Announces 2021Q3 Results**

#### **Securing the Leadership in the Industry and Seizing New Opportunities in the Market**

(22 November 2021 - Hong Kong) - **Tongcheng-Elong Holdings Limited** ("Tongcheng-Elong" or the "**Company**", collectively called the "Group" with its subsidiaries, Stock Code: 0780.HK), an innovator and leader in China's online travel industry, announced its unaudited consolidated results for the three months ended 30 September 2021 (the "**Reporting Period**").

Since the outbreak of COVID-19, China's travel industry has been volatile under significant pressure brought by uncertainties. While calmly coping with the pressure, Tongcheng-Elong has paid particular attention to the opportunities behind it and continued to strengthen its capabilities. By leveraging competitive advantages such as diversified traffic sources, solid market position, outstanding product innovation and flexible operation strategies, Tongcheng-Elong strove to contribute as much as possible to the recovery of the travel industry and the development of the society. During the reporting period, the Company's revenue reached RMB1,939.4 million, with a 1.3% year-to-year increase. Average MAUs reached 276.9 million, with a 12.7% year-to-year increase. Average MPUs reached 33.6 million, with a 12.8% increase year-to-year. The Company has registered around 25% growth over 2019 level in its domestic room nights, with nearly 45% growth in lower-tier cities. The Company has also recorded a nearly 250% growth in bus ticketing volume, compared to the same period in 2019.

#### **Performance Review:**

As an experienced market leader in the OTA industry, the Company has calmly dealt with the external changes and adjusted its strategies swiftly to cope with the market changes, while optimizing its structure to ensure flexible operations and stringent cost control, so as to stay resilient and overcome difficulties in the industry as well as grasping the market development opportunities. The Company's revenue increased by 1.3% to RMB1,939.4 million in the Reporting Period from RMB1,914.5 million in the same period of 2020. Adjusted EBITDA increased by 5.4% to RMB526.3 million in the third quarter of 2021 from RMB499.3 million in the same period of 2020, and adjusted EBITDA margin increased to 27.1% from 26.1% in the same period of 2020.

While maintaining stable traffic source from the Weixin channel, the Company has put more efforts in lower-tier cities, leveraging diversified traffic channels and high-quality service experience, leading to a rapid increase

in the quantity and quality of users. During the Reporting Period, the Company's average MAUs increased year-to-year by 12.7% to 276.9 million. Average MPUs further increased by 12.8% year-to-year to 33.6 million, achieving another record high. Paying ratio remained stable at 12.1% compared with the same period of 2020. In the twelve months ended 30 September 2021, the Company's paying users further increased year-to-year by 29.6% to 196.1 million. The continued improvement in user amounts also reflects that the Company's diversified product and service offerings were well received and recognized by the market.

In addition, the Company actively seized opportunities amid market volatility and uncertainties, and continued to penetrate lower-tier cities in China to build up its competitive advantages and leading position in the industry. The Company has registered around 25% growth over 2019 level in its domestic room nights, with nearly 45% growth in lower-tier cities. The Company has also recorded an over 250% increase in bus ticketing volume in the third quarter of 2021, compared with the same period of 2019. During the Reporting Period, the Company's total GMV increased by 3.5% year-to-year to RMB41.1 billion, as the recovery of business volume gained significant momentum.

### **Business Review:**

During the period under review, the Company continued to strengthen its channel resources, focused on technological innovation, vigorously enhanced user engagement and penetrated deeply into the market leveraging on its rich industry expertise and competitive advantages, thus further strengthening its leading position in the China OTA market. As a socially responsibility enterprise, the Company focuses on the well-beings of the society and the environment to firmly promote sustainable development and shoulder social responsibility.

In terms of channels, the Company successfully renewed its agreement with Tencent in late July 2021 to further explore and deepen cooperation within the Tencent ecosystem. In the third quarter of 2021, the Weixin mini-program contributed approximately 79.6% of the Company's average MAUs. The Company not only enhanced its traffic, user engagement and brand awareness through Weixin mini-program, but also established multi-platform cooperation with Tencent under different scenarios to promote diversification of the Company's business presence to meet the diverse needs of the market.

The Company also constantly explored diverse and cost-effective traffic channels to promote channel diversification from multiple fronts. Firstly, it continued to optimize its application and got featured in App Store to attract more users. Secondly, it cooperated with mobile handset vendors to bring exclusive membership privileges and benefits to users through the integration of online marketing and offline promotional activities. Thirdly, it also launched reservation and itinerary tracking service in a smart car system to explore new potentials in different scenarios. Fourthly, it actively invested in offline user acquisition channels under different scenarios such as hotels, bus stations and tourist attractions to improve the coverage and empower the supply end with technology for digitalization , so as to enhance the online penetration rate of the travel industry.

In terms of user services, in order to further enhance user engagement and cultivate high-value users, the Company provided users with more refined services and better experiences by enriching the Black Whale membership privileges and launching the "Campus Card" program, thereby enhancing user loyalty and user value, and gradually increasing the Company's brand recognition among potential users.

In order to expand the business, the Company continued to penetrate low-tier cities with great potential riding on its competitive advantages, and outpaced the market growth. As of September 30, 2021, the Company's registered users residing in non-first-tier cities in China accounted for approximately 86.8% of the total registered users. For the three months ended September 30, 2021, around 62.7% of our new paying users on the Weixin platform were from tier-3 or below cities in China.

In order to satisfy users' needs with its one-stop-shop travel products and services, the Company continued to strengthen its long-term relationships with travel service providers. Leveraging on the huge traffic on its platform, the Company further pushed ahead with its cross-selling strategy among different services through optimizing algorithm, strengthening inventory management and enhancing value-added services so as to continuously dig into the market potential and thus improving monetization capability. Facing the situation that the long-distance travel market is constrained by the outbreak of COVID-19, the Company focused on short-distance travel demand and seized new market opportunities to create new growth drivers through joining hands with tourism bureaus and industry associations as well as enriching innovative marketing activities.

In terms of technological innovation, the Company focused on developing and applying innovative technologies, and continued to accelerate its transformation from an OTA to an ITA, bringing positive energy to the entire travel industry with full dedication. For example, the Company established strategic partnership with upstream suppliers such as Gansu Civil Aviation Airport Group, Xi'an Xianyang International Airport and Beijing Daxing International Airport to help enhance their operational efficiency and promote industry digitalization with its advanced algorithm and technology. The Company also further utilized the excellent algorithm capability of "Huixing System" to provide more intelligent travel solutions to users facing special circumstances caused by the outbreak of COVID-19. It also cooperated with the tourism bureau in Shanxi Province to launch an intelligent tourism platform equipped with a variety of functions, providing travelers with good travel experience while supporting the smart development of local travel. In addition, the Company acquired a PMS company in the third quarter of this year to build closer ties with supply end by providing comprehensive solutions to more small and medium-sized hotels in low-tier cities to improve their daily operational efficiency, thus further enhancing the online penetration and digitalization of the industry.

While achieving steady growth, the Company has recognized the growing importance of sustainability and has taken on greater social responsibility. Organizationally, the Company set up a board-level ESG committee and a corporate-level ESG and Data Security Committee, aiming to seek sustainable development that benefit both the Company and the society. In terms of customer service, the Company always strives to protect its users' rights. For example, when the pandemic caused uncertainty over travel, the Company acted swiftly and timely to the market condition and launched a series of initiatives, including no-penalty refund policies, to help its users plan their trips and protect their safety. In particular, the Company also leveraged its technology capability to provide a barrier-free user interface tailored for the elderly to facilitate their travel. Furthermore, the Company co-built a rural resort destination in Suzhou with the local government to support the sustainable development of the rural community and travel industry, which was well-recognized by the industry and was selected as a paradigm for rural revitalization.

## **Business Outlook and Strategy:**

Looking ahead, even though the travel market has shown fluctuations in the short term due to the outbreak of COVID-19, the recovery trend may continue as the Chinese government has implemented effective measures to contain the spread of the virus and the vaccination rate continues to climb. Tongcheng-Elong will stay acute to actively grasp the immense opportunity arising from the increasing online penetration of the travel industry through its diversified traffic channels, solid market position and strategic operational capabilities. It will maintain its growth momentum and continue to lead the industry growth.

Facing the rapidly changing external environment, the Company has proactively responded and innovated in all aspects. Firstly, the Company completed the organizational restructuring by the end of September 2021, forming a more flexible and acute organizational structure to lay a solid foundation for governance so as to better address challenges. Secondly, the Company has reorganized its business groups to greatly improve the efficiency and internal synergy and to focus more on the growth opportunities brought by short-distance travel and local consumption. It also aims to explore and build a travel content ecosystem to provide more diversified and high-quality products and services to users. Tongcheng-Elong will keep in mind its Day One principle to boost the development of the industry and society. It will promote the diversification of traffic channels, strengthen the technological innovation capability, as well as actively seeking high-quality investment opportunities to build up growth momentum and facilitate the transformation of the Company from an OTA to an ITA.

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## Appendix

Key financial summary for the three months ended September 30, 2021

	<b>Unaudited Three months ended 30 September</b>		<b>Year-to-year Change</b>
	<b>2021 RMB'000</b>	<b>2020 RMB'000</b>	
Revenue	<b>1,939,431</b>	1,914,518	1.3%
Adjusted EBITDA	<b>526,259</b>	499,283	5.4 %
Adjusted net profit for the period	<b>351,494</b>	372,476	(5.6) %
Revenue growth/(decrease) (year-to-year)	<b>1.3%</b>	(7.2)%	
Adjusted EBITDA margin	<b>27.1%</b>	26.1%	
Adjusted net margin	<b>18.1%</b>	19.5%	

## **About Tongcheng-Elong Holdings Limited**

Tongcheng-Elong Holdings Limited ("Tongcheng-Elong" or the "Company") is a market leader in China's online travel industry. The Company is the combined business resulting from the Tongcheng-eLong Merger, which was completed in March 2018. The shares of the Company were listed on the Hong Kong Stock Exchange on November 26, 2018. The Company is a one-stop shop for users' travel needs. With the mission of "We make travel easier and more joyful", the Company offers a comprehensive and innovative selection of products and services covering nearly all aspects of travel, including transportation ticketing, accommodation reservation, attraction ticketing and various ancillary value-added travel products and services designed to meet users' evolving travel needs throughout their trips. The Company was selected as the "Most valuable TMT Company", "Industry Award of the Year", "Excellence in Poverty Alleviation of the Year Award", "Most Welcomed IPO Company by Investors" and also awarded the "Best Mini Program of the Year" by Aladdin Index, "The Best Award of Mini Program Traffic" by iResearch etc. The Company is currently the sole operator of the "Rail & Flight" and "Hotel" portals in the mobile payment interface of Tencent's Weixin and Mobile QQ. On April 22, 2020, the Company launched a new service brand "同程旅行" ("ly.com"), selecting the new brand logo "Feiermeng" and the brand slogan "Together, let's go!", hoping to use a younger way to serve more users.

This press release is issued by **Wonderful Sky Financial Group Ltd.** on behalf of **Tongcheng-Elong Holdings Limited.**

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