



**Tongcheng-Elong Holdings Limited**

同程藝龍控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

*(Stock code: 0780)*

**Tongcheng-Elong Announces 2020 Q1 Results**

**Results show strong recovery**

**Diversified traffic channels + contribution to low-tier markets**

**for industry-leading advantages**

(17 May 2021 – Hong Kong) - Innovator and leader in China’s online travel industry - Tongcheng-Elong Holdings Limited (“Tongcheng-Elong” or the “Company”, together with its subsidiaries, the “Group”, stock code: 0780) announces the unaudited consolidated results for the three months ended March 31, 2021 (the “Reporting Period”).

The resurgence of the COVID-19 cases in late 2020 has imposed negative effects on the travel industry in January and of February 2021. In order to prevent the virus from further spreading, the government encouraged the “Stay Put During Spring Festival” measure and interprovincial travels in China were temporarily halted. All the market players operated in a very challenging environment. Even amid the fluctuated market environment, the company’s business continued to improve quarter by quarter and once again outpaced the market average. Through the continuous operation of diversified traffic channels, expanding the coverage of low-line cities and other strategic guidelines, the company is pleased to record some key metrics that showed a strong recovery trend during the Reporting Period.

***Results Review***

As an industry leader with strong adaptability, the company reacted swiftly to market changes and acutely captured the recovery opportunities. The company continued to outperform the industry with the company’s competitive advantages in terms of solid market position, diversified traffic sources, product innovation capability, and flexible operation strategies. Leveraging the company’s flexible operations strategy and light operational model, the company achieved an adjusted profit for the period of RMB296.3

million with a year-to-year growth of 279.5%. The company's adjusted net margin for the first quarter of 2021 was 18.4%.

In the first quarter of 2021, adjusted EBITDA increased by 162.7% year-to-year to RMB417.4 million from RMB158.9 million in the same period of 2020. Adjusted EBITDA margin increased from 15.8% in the same period of 2020 to 25.9%. The revenue increased by 60.6% year-to-year to RMB1,613.8 million from RMB1,005.1 million in the same period of 2020.

For the three months ended March 31, 2021, the company's average MAUs increased by 57.8% year-to-year to 234.2 million. The company's average MPUs improved greatly year-to-year by 84.5% to 27.3 million for the three months ended March 31, 2021. The company's paying ratio recovered to 11.7% for the first quarter of 2021. The company's paying users in the twelve-month period ended March 31, 2021 further increased to 169.3 million.

For the first quarter of 2021, the company has achieved solid growth in business. When compared with the first quarter of 2019, the company has achieved an increase of 45.0% in the company's domestic room nights sold, with more than 70.0% growth in lower-tier cities, around 20.0% increase in domestic air ticketing volume, and nearly 150.0% increase in bus ticketing volume. The company's total GMV increased by 83.0% year-to-year to RMB33.3 billion.

### ***Business Review***

During the period under review, the company further improved the diversification and effectiveness of the company's traffic channels. Primarily, the company not only maintained stable and effective traffic channels from Weixin mini program but also continued to deepen cooperation within Tencent's ecosystem. In the first quarter of 2021, approximately 83.0% of the company's average MAUs was attributed to Tencent-based platforms. The company deepened cooperation with Tencent by offering the company's products and services on Tencent Map, so that users can have direct access to the company's accommodation products, train and air ticketing service in the APP. Besides, in order to explore the potential in QQ ecosystem, the company made more efforts to operate on QQ platform to enhance interface display and user experience according to the consumption pattern of the younger generation. The company also strived to explore the traffic within Tencent's ecosystem by directing users to the company's mini program from various Tencent-based platforms such as QQ browser, QQ Music and Tencent Video.

Additionally, to gain more diversified traffic sources, the company strived to expand and penetrate other online traffic sources, such as the company's App, quick APPs, location-based APPs, and short-video platforms. In late March 2021, leveraging the company's product innovation and creative marketing ability, as well as the profound understanding of the company's users, the company launched the "Air Ticket Blind

Box” initiative. The innovative marketing initiative has attracted enormous amount of participants, trending searches and positive social media coverage, significantly to increase the growth of MAUs in April. The initiative has immensely improved the company’s brand awareness and brand awareness and user engagement. Moreover, the company further optimized its cooperation with major handset vendors by organizing online marketing events, with a range of initiatives to provide users with comprehensive travel products and services through the company’s quick APPs on mobile phones and other mobile devices. The company’s MAUs from quick APPs achieved exponential year-to-year growth in the first quarter of 2021.

In order to boost users’ interest for travel and accumulate potential demands, the company cooperated with short video platforms to promote its hotel and tourist attraction products. Besides, the company has commenced the cooperation with a leading e-commerce platform in China by providing travel-related products and services on the platform, so as to explore new traffic sources and further penetrate into the market of lower-tier cities. In addition to online traffic sources, the company continued to invest in offline user acquisition channels under different scenarios. The company helped bus operators and tourist attractions to improve their digitalization and automation by setting up vending machines. It also cooperated with hotels to set up QR code scanning function to convert traffic from offline to the company’s Weixin mini-program. At the same time, the company cooperated with more strategic partners to create more exposures to offline users. All of the aforementioned offline user acquisition initiatives have made remarkable progress and have contributed greatly to the company’s MPUs.

During the period under review, the company further strengthened its leading position in China’s OTA market, especially in lower-tier cities with large populations. With the solid stance in lower-tier cities and outstanding adaptability to market changes, the company has undoubtedly outpaced the industry average and have gained market share for main business segments from offline channels, especially in lower-tier cities. As of March 31, 2021, the company’s registered users residing in non-first-tier cities in China accounted for approximately 86.4% of the total registered users. For the three months ended March 31, 2021, approximately 59.7% of our new paying users on Weixin platform were from the third-tier or below cities in China, which increased from 56.2% over the same period of 2020.

The company actively placed advertisements on trendy TV shows and online drama series to boost brand awareness and recognition among targeted users. At the end of last year, the company sponsored a popular debate talk show and have successfully improved the company’s brand recognition among younger generations. Meanwhile, the company continuously increased its offline advertisement placement under different travel scenarios such as railway stations, high speed train carriages, airport and airplane cabins, so as to efficiently acquire target users. Furthermore, the company enriched its membership privileges and penetrated into more diversified demographics to improve the user engagement. The company’s membership program achieved great progress in the first quarter of 2021 with the accumulated number of Black Whale members exceeding 7 million by the end of March 2021.

The company strengthened long-term and mutually beneficial relationships with various TSPs to provide users with one-stop-shop products and services to meet their travel demands. As of March 31, 2021, the

company's online platforms offered over 8,300 domestic routes operated by 900 airlines and agencies, around 2.2 million hotels selections and alternative accommodation options, over 390,000 bus routes, around 680 ferry routes and about 8,000 domestic tourist attractions ticketing services. The company further improved the company's cross-selling strategies across different segments such as transportation, accommodation and tourist attractions, by refining scenario coverage and conducting precise promotions and recommendations to users based on the analysis of user behaviors and reservation details on the company's platform.

The company further utilized the company's Huixing system by integrating supply chain resources and provided superior values to the company's users. The company developed comprehensive SaaS solutions to support individual and small chain hotels to better manage their daily operations as well as for the management of inventory, revenue and marketing. The company also enhanced the digitalization and automation of the industry with its technological innovation. Besides, the company continuously provided higher value proposition to the company's suppliers. It also started a strategic cooperation with Xi'an Airport to facilitate its development as an intelligent airport with the company's advanced technology. The company not only assisted the airport to develop Weixin mini program but also provided innovative products for the airport by utilizing its algorithm capability.

### ***Business Outlook and Strategies***

The travel market recovered significantly since March 2021 once travel restrictions were relaxed. The suppressed demand for travel was tremendously released and the growth momentum maintained in Qingming Festival and the Labor Day Golden Week. Based on the current global pandemic situation, the company believes that the demand for outbound travel will still be under pressure, but the demand for domestic travel market will further accelerate. Together with the increasing popularity of vaccination, the company is optimistic about the travel industry in China in 2021. Moreover, upward trend of online penetration rate will bring magnificent opportunities for OTAs in China's travel industry. With the company's competitive advantages in market position, traffic sources, and operational capabilities, the company is confident to once again outpace the industry benchmark.

Stepping into the future, the company will further penetrate in the travel market by leveraging on the company's cost-effective traffic sources as well as exploring more potentials for alternative traffic channels, with a strong focus in lower-tier cities to build the company's leading travel brand there. The company will also further strengthen the company's innovation capability to enhance qualities and varieties of products and services. The company will further enhance the company's technological capabilities with an aim to transform from an OTA to ITA. Moreover, the company will seek merger and acquisition opportunities to boost future growth for the its business.

**Appendix**

***Key Financial Metrics for the three months ended March 31, 2021***

	<b>Three Months Unaudited</b>		Year-to-year change
	<b>March 31,</b>		
	<b>2021</b>	<b>2020</b>	
	<b>(in RMB' 000)</b>		
Revenue	<b>1,613,763</b>	1,005,116	60.6%
Adjusted EBITDA	<b>417,409</b>	158,902	162.7%
Adjusted profit for the period	<b>296,287</b>	78,075	279.5%
Revenue growth/(decrease) (year-to-year)	<b>60.6%</b>	(43.6) %	
Adjusted EBITDA margin	<b>25.9%</b>	15.8%	
Adjusted net margin	<b>18.4%</b>	7.8%	

## **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 "The company 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. In 2020 April 22, 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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