

# Trip.com Group (9961.HK)

The inbound tourism market has shown significant growth momentum with policy support  
China | OTA | Internet

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## Financial performance

In the second quarter of 2025, the company achieved total revenue of RMB 149 billion, a year-on-year increase of 16.2%, primarily driven by strong travel demand. In terms of profitability, net profit reached RMB 49 billion, up 25.5% year-on-year, with a corresponding net profit margin of 32.9%, an increase of 2 percentage points compared to the same period last year.

By segment revenue, accommodation reservation revenue amounted to RMB 62 billion, a year-on-year increase of 21.2%, mainly due to strong growth in domestic and outbound hotel businesses. Transportation ticketing revenue reached RMB 54 billion, up 10.8% year-on-year, driven primarily by outbound and international ticketing. Tourism vacation revenue totaled RMB 11 billion, a year-on-year increase of 5.3%, mainly attributed to heightened travel demand during holidays. Business travel management revenue was RMB 7 billion, up 9.3% year-on-year, largely due to increased demand for corporate travel management services.

In terms of expenses, the company's total operating expenses for the quarter were RMB 79 billion, a year-on-year increase of 14.7%, which is generally in line with the fluctuations in total revenue during the period. The company's R&D expense ratio, sales expense ratio, and administrative expense ratio for 2Q25 were 23.6%, 22.4%, and 7.4%, respectively, representing year-on-year changes of +0.1 pct, +0.2 pct, and -1.0 pct. The company continues to intensify its efforts in international business expansion and promotion.

## Performance Summary

### Inbound tourism market demonstrated significant growth, driven by supportive policies

In the first half of the year, the number of inbound visitors in China increased by approximately 30% year-on-year, while the booking volume for inbound travel on the Ctrip platform surged by over 100% year-on-year. With further relaxation of visa policies, the continuous enhancement of China's tourism appeal, and the improvement of related service systems, inbound tourism is expected to consistently contribute to the growth of domestic business.

Meanwhile, the structure of domestic travel demand is also evolving. According to management, the "silver-haired generation" is emerging as a key growth driver. As of the second quarter of 2025, both the user base and gross merchandise volume of the "Friends of Seniors" program have more than doubled compared to the end of 2024. At the same time, younger travelers are showing a stronger preference for integrated "entertainment + tourism" experiences, such as music festivals, themed tours, and immersive destination activities. In the second quarter of 2025, revenue from such businesses grew by over 100% year-on-year, indicating that younger users' travel consumption is rapidly shifting toward experiential and themed offerings.

### International business maintains rapid growth, with user acquisition efficiency exceeding expectations

In the second quarter of 2025, overall cross-border flight capacity in the industry recovered to 84% of pre-pandemic levels. The company's outbound hotel and flight booking volumes have fully surpassed 120% of the same period in 2019, consistently outperforming the industry by 30-40 percentage points.

## Neutral

CMP HKD 598  
(Closing price as of 29 Sep)  
Target HKD 610 (+2.0%)

### COMPANY DATA

O/S SHARES (MN) :	651
MARKET CAP (HKD MN) :	390,855
52 - WK HI/LO (HKD):	613.0/402.6

### SHARE HOLDING PATTERN, %

Capital World Investors	7.90%
Baidu	6.44%

### PRICE VS. HSI



Source: Phillip Securities (HK) Research

### KEY FINANCIALS

CNY mn	FY23	FY24	FY25E	FY26E
Revenue	53,294	61,774	68,474	78,468
Net profit	17,067	18,016	20,364	22,995
EPS	24.78	25.25	28.54	32.23
P/E ratio, x	22.0	21.6	19.1	16.9
Dividend Yield, %	0.47%	0.52%	0.53%	0.54%

Source: Company reports, Phillip Securities Est.

### Research Analyst

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Entering the summer season, as capacity further recovers, airfare prices have decreased year-on-year but remain higher than pre-pandemic levels. Hotel prices, on the other hand, have remained stable. It is anticipated that outbound travel revenue will continue to achieve relatively fast year-on-year growth in the third quarter. Meanwhile, total bookings on the Trip.com platform grew by over 60% year-on-year in the second quarter. The Asia-Pacific region remains the focal point of business, while emerging markets such as the Middle East have also demonstrated strong growth momentum.

### Investment thesis

We forecast the company's operating revenue for 2025-2027 to be RMB 61.8/68.5/78.5 billion, with net profit attributable to shareholders of RMB 18.0/20.4/23.0 billion. The corresponding diluted EPS is projected to be RMB 25/29/32, and the current stock price implies a P/E ratio of 21.6x/19.1x/16.9x. We have selected domestic and international OTA companies—Booking, Expedia, Airbnb, and Tongcheng Travel—as comparable firms. Applying a 22x P/E multiple based on the 2025 forecast, we have accordingly raised our target price to HKD 610 and maintain a "Neutral" rating.

### Risk factors

1) Domestic consumption demand is weaker than expected; 2) International business expansion is slower than anticipated; 3) Hotel ADR and airfare pricing pressures are greater than expected.

## Financials

### Key Financial Data

Dec Y/E	FY23	FY24	FY25E	FY26E	FY27E
<b>Valuation Ratio</b>					
P/E ratio	36.8	22.0	21.6	19.1	16.9
Dividend Yield, %	0.00%	0.47%	0.52%	0.53%	0.54%
<b>Per share data(RMB)</b>					
EPS	14.78	24.78	25.25	28.54	32.23
BVPS	187.2	212.7	212.8	233.2	250.8
<b>Growth &amp; Margin</b>					
<b>Growth</b>					
Net Revenue Growth	122.12%	19.73%	15.91%	10.85%	0.00%
Gross Profit Growth	134.37%	19.00%	14.35%	12.00%	14.59%
EBIT Growth	12768.18%	25.19%	23.01%	14.13%	14.59%
Net Profit Growth	910.12%	38.02%	17.83%	11.05%	11.14%
<b>Margin</b>					
Gross Profit Margin	81.75%	81.25%	80.16%	81.00%	81.00%
EBIT Margin	25.44%	26.60%	28.23%	29.07%	29.07%
Net Profit Margin	22.28%	32.02%	29.16%	29.74%	29.30%
<b>Key Ratios</b>					
ROE	7.01%	12.07%	11.97%	12.33%	12.94%
ROA	4.12%	7.10%	7.09%	7.48%	7.96%

### Consolidated Statement of Profit or Loss

Dec Y/E, RMB mn	2023	2024	2025E	2026E	2027E
<b>REVENUE</b>	44510	53294	61774	68474	78468
Cost of services	-8121	-9990	-12254	-13010	-14909
Gross profit	36389	43304	49520	55464	63559
R&D expenses	-12120	-13139	-14166	-15703	-17994
Selling, administrative and general expenses	-9202	-11902	-12972	-14380	-16478
Operating profit	11324	14177	17439	19904	22809
Finance income	2090	2341	2575	2704	2839
Finance costs	-2067	-1735	-1648	-1566	-1488
Profit before income tax and share of results of equity investees	10680	17003	18366	21042	24161
Income tax expenses	-1750	-2604	-3018	-3346	-3834
Share of results of equity investees	1072	2828	2828	2828	2828
<b>Net profit, GAAP</b>	10002	17227	18176	20524	23155
<b>Net profit, GAAP</b>					
– Equity holders of the Company	9918	17067	18016	20364	22995
– Non-controlling interests	-84	-160	-160	-160	-160

### Consolidated Statement of Financial Position

Dec Y/E, RMB mn	FY23	FY24	FY25E	FY26E	FY27E
<b>Current assets</b>					
Accounts receivable	11410	12459	13705	15075	16583
Cash and cash equivalents	43983	51093	61312	70508	81085
Others	33339	48568	49573	53006	55656
<b>Total current assets</b>	88732	112120	124589	138589	153324
<b>Non-current assets</b>					
PPE	5142	5053	5306	5465	5629
Others	125263	125408	126642	130175	131791
<b>Total non-current assets</b>	130405	130461	131947	135640	137420
<b>Total Assets</b>	219137	242581	256536	274229	290743
<b>Current liabilities</b>					
Accounts payable	16459	16578	20225	24270	29124
Others	55952	57432	59845	59464	59091
<b>Total current liabilities</b>	72411	74010	80070	83734	88215
<b>Non-current liabilities</b>					
Long-term debt	19099	20134	19731	19337	18950
Others	4621	4955	60339	64397	69265
<b>Total non-current liabilities</b>	23720	25089	24593	24092	23608
<b>Total liabilities</b>	96131	99099	104663	107826	111823
Equity attributable to equity holders of the Company	122184	141807	150848	165275	177680
Non-controlling interests	822	932	1025	1128	1240
<b>Total equity</b>	123006	142739	151873	166403	178920
<b>Total liabilities and equity</b>	219137	242581	256536	274229	290743

## Consolidated Statement of Cash Flow

Dec Y/E, RMB mn	2023	2024	2025E	2026E	2027E
<b>CFO</b>	22004	19625	22515	24254	27403
Net profit	9918	17067	18016	20364	22995
Depreciation and Amortization	1834	1216	1338	1471	1618
Change in working capital	9256	3321	3653	3653	3653
Others	996	-1979	-492	-1235	-863
<b>CFI</b>	5919	-6052	-5640	-8436	-10225
Short term and long term investment, net	6525	-5461	-4990	-7721	-9438
Purchase of property, equipment and intangible assets	-606	-591	-650	-715	-787
<b>CFF</b>	-2547	-6710	-6657	-6621	-6602
Cash paid for distribution of dividends	0	-1563	-1406	-1266	-1139
Cash received from financing	-2547	-5147	-5250	-5355	-5462
<b>Effect of exchange rate changes on cash</b>	120	247	0	0	0
<b>Net Change in Cash</b>	25496	7110	10219	9197	10576
Cash, CE and Restricted cash at Beg	18487	43983	51093	61312	70508
<b>Cash, CE and Restricted cash at Y/E</b>	43983	51093	61312	70508	81085

Current Price as of: Sep 29

Exchange rate: HKD/RMB = 0.91

Source: PSHK Est.

**PHILLIP RESEARCH STOCK SELECTION SYSTEMS**

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm 5\%$ from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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