

Trip.com (TCOM US)

3Q results beat; travel demand remains solid

Trip.com Group (TCOM) released (18 Nov) 3Q25 results: total revenue was RMB18.4bn, up 15.5% YoY, 1% better than both our forecast and Bloomberg consensus estimates; non-GAAP operating income (OP) was RMB6.1bn, 5/6% better than our estimates and consensus, thanks to better-than-expected operating leverage. Non-GAAP NP of RMB19.2bn was significantly ahead of consensus at RMB5.6bn, driven by one-off gains from the sale of partial stake in MakeMyTrip. TCOM's overseas expansion is on track, with balanced investment and revenue growth trajectory, and this should bring long-term value to TCOM, in our view. To account for more robust-than-expected international business revenue growth and better-than-expected operating efficiency improvement of domestic and outbound business, we lift 25-27E revenue forecasts by 1-5%, and operating profit forecasts by 0-5%. Driven by the increase in earnings forecasts and a roll-forward of valuation window to 2026E, we raise our DCF-based TP by 9% to US\$83.0 (was US\$76.0), translating into 20x 2026E PE (non-GAAP). Maintain BUY.

■ **Solid international business revenue growth to sustain.** 1) For domestic business, management noted healthy booking volume growth QTD in 4Q25, with domestic hotel booking volume growth standing at low-teens YoY, and transportation ticketing volume growth at low-single digit YoY. 2) Outbound air ticket and hotel bookings on TCOM's platform recovered to more than 140% of the 2019 level in 3Q25, and implied YoY volume/revenue growth of 20%/mid-teens%; we are looking for mid-teens YoY revenue growth for outbound travel business in 4Q25E. 3) For pure international business, Trip.com accounted for 13% of group-level revenue in 3Q25, and revenue growth accelerated to over 60% YoY in the quarter, and we are anticipating the over 60% YoY revenue growth to sustain in 4Q25E, driven by robust volume growth. Overall, we expect total revenue growth of 16% YoY, with total revenue to reach RMB14.8bn in 4Q25E, 2% higher than Bloomberg consensus.

■ **Domestic and outbound business saw solid improvement in operating efficiency.** TCOM's non-GAAP OPM for 3Q25 was 33.4%, 1.4ppts better than consensus, driven by the beat in GPM by 0.8ppts, and more optimized-than-expected operating expenses. TCOM noted a YoY OPM expansion in domestic and outbound business, and guided to drive business expansion of Trip.com in an efficient way, which in our view heralds balanced revenue growth and controllable loss margin level for Trip.com. For 2025E/2026E, we are estimating non-GAAP OP of RMB18.0bn/20.5bn, up 11/14% YoY, translating into non-GAAP OPM of 29.1%/28.9%.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	44,562	53,377	61,948	71,050	79,434
YoY growth (%)	122.2	19.8	16.1	14.7	11.8
Net profit (RMB mn)	9,918.0	17,067.0	31,336.5	18,266.2	20,880.8
Adjusted net profit (RMB mn)	13,071.0	18,041.0	31,228.3	20,561.1	23,248.0
YoY growth (%)	910.1	38.0	73.1	(34.2)	13.1
EPS (Adjusted) (RMB)	19.48	25.84	44.79	29.49	33.34
P/E (x)	33.2	19.4	10.6	18.2	15.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$83.00
(Previous TP)	US\$76.00)
Up/Downside	17.1%
Current Price	US\$70.89

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Stock Data

Mkt Cap (US\$ mn)	49,426.0
Avg 3 mths t/o (US\$ mn)	57.0
52w High/Low (US\$)	78.52/52.21
Total Issued Shares (mn)	697.2

Source: FactSet

Shareholding Structure

Capital World Investors	7.9%
Baidu	6.4%

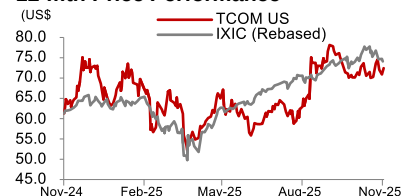
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	1.1%	0.9%
3-mth	12.6%	7.3%
6-mth	9.1%	-7.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Results comparison and changes in forecast

Figure 1: TCOM: quarterly financial results

(RMBbn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	3Q25E consensus	Diff%	CMBI estimates	Diff%
Total revenue	11.9	12.8	15.9	12.8	13.9	14.9	18.4	18.2	1.0%	18.2	1.1%
YoY growth (%)	29.4%	13.5%	15.6%	23.5%	16.2%	16.2%	15.5%				
Accommodation reservation	4.5	5.1	6.8	5.2	5.5	6.2	8.0	8.0	1.1%	7.9	1.6%
YoY growth (%)	29.2%	19.9%	21.7%	32.7%	23.2%	21.2%	18.3%				
Transportation ticketing	5.0	4.9	5.7	4.8	5.4	5.4	6.3	6.2	1.8%	6.2	1.8%
YoY growth (%)	20.3%	1.2%	5.3%	16.4%	8.4%	10.8%	11.6%				
Packaged tour	0.9	1.0	1.6	0.9	0.9	1.1	1.6	1.7	-5.9%	1.7	-5.9%
YoY growth (%)	128.8%	42.0%	17.3%	23.6%	7.2%	5.3%	3.1%				
Corporate travel	0.5	0.6	0.7	0.7	0.6	0.7	0.8	0.7	5.2%	0.7	5.2%
YoY growth (%)	14.8%	8.4%	11.0%	10.7%	12.1%	9.3%	15.2%				
Others	1.0	1.1	1.2	1.2	1.4	1.5	1.7	1.6	2.8%	1.6	2.1%
YoY growth (%)	38.6%	31.0%	40.9%	24.9%	33.0%	31.0%	33.9%				
Gross profit	9.7	10.5	13.1	10.1	11.1	12.0	15.0	14.7	2.0%	14.6	2.6%
Operating profit	3.3	3.6	5.0	2.3	3.6	4.1	5.6	5.6	0.0%	5.3	5.4%
Non-GAAP operating profit	3.8	4.2	5.5	2.8	4.0	4.7	6.1	5.8	5.6%	5.8	5.1%
YoY growth (%)	43.8%	21.7%	23.7%	4.3%	7.4%	10.4%	12.2%				
Non-GAAP net profit	4.1	5.0	6.0	3.0	4.2	5.0	19.2	5.6	240.7%	5.5	249.8%
YoY growth (%)	96.4%	45.2%	21.8%	13.6%	3.3%	0.5%	221.2%				
Expense ratio and margins											
GPM (%)	81.1%	81.8%	82.2%	79.1%	80.3%	80.9%	81.6%	80.8%	0.8 ppt	80.4%	1.2 ppt
OPM (%)	27.8%	27.8%	31.5%	18.0%	25.7%	27.6%	30.3%	30.7%	-0.3 ppt	29.1%	1.2 ppt
Non-GAAP OPM (%)	31.6%	33.1%	34.4%	21.6%	29.2%	31.4%	33.4%	32.0%	1.4 ppt	32.2%	1.2 ppt
Non-GAAP P&D expense ratio	24.3%	20.9%	21.5%	24.9%	23.9%	21.8%	20.9%	21.1%	-0.3 ppt	21.1%	-0.2 ppt
Non-GAAP S&M expense ratio	19.1%	21.8%	21.1%	26.2%	21.4%	22.1%	22.5%	22.5%	0.0 ppt	22.1%	0.4 ppt
Non-GAAP G&A expense ratio	6.1%	6.1%	5.3%	6.5%	5.9%	5.7%	4.9%	5.2%	-0.3 ppt	5.1%	-0.3 ppt
Adjusted NPM (%)	34.0%	39.0%	37.5%	23.8%	30.2%	33.7%	104.3%	30.9%	73.4 ppt	30.2%	74.1 ppt

Source: Company data, Bloomberg, CMBIGM

We lift 2025-2027E revenue/OP forecast by 1-5%/0-5%, to account for more robust-than-expected international business revenue growth and better-than-expected operating efficiency improvement of domestic and outbound business.

Figure 2: TCOM: forecast revision

RMB bn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	61.9	71.0	79.4	61.5	69.0	75.7	0.7%	3.0%	5.0%
Gross profit	49.8	56.9	63.4	49.5	55.2	60.4	0.7%	3.0%	4.9%
Operating profit	15.9	18.2	21.0	15.8	18.0	20.0	0.4%	0.8%	4.7%
Non-GAAP net profit	31.2	20.6	23.2	18.3	20.6	22.6	70.9%	-0.1%	2.7%
Gross margin	80.4%	80.1%	79.8%	80.4%	80.1%	79.8%	0.0 ppt	0.0 ppt	0.0 ppt
Operating margin	25.6%	25.6%	26.4%	25.7%	26.2%	26.5%	-0.1 ppt	-0.6 ppt	-0.1 ppt
Non-GAAP net margin	50.4%	28.9%	29.3%	29.7%	29.9%	29.9%	20.7 ppt	-0.9 ppt	-0.6 ppt

Source: CMBIGM estimates

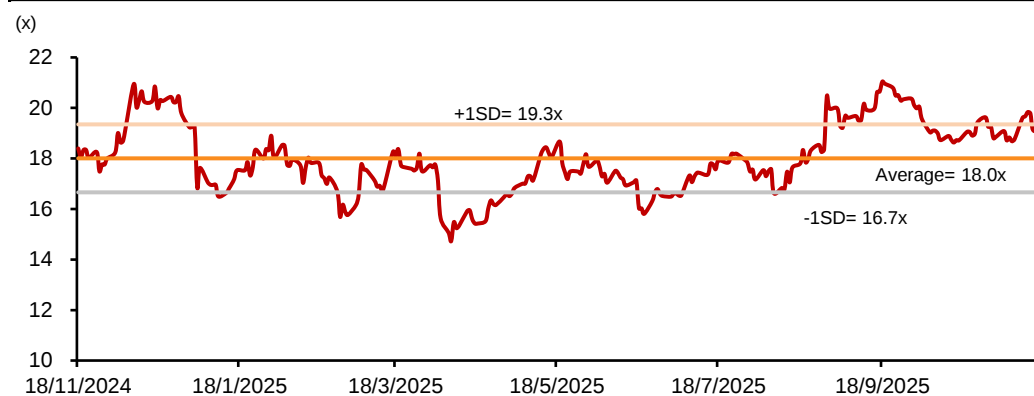
Driven by the increase in earnings forecast and a roll forward of valuation window to 2026E, we raise our DCF-based TP by 9% to US\$83.0 (was US\$76.0), translating into 20x 2026E PE (non-GAAP). Maintain BUY.

Figure 3: TCOM: DCF valuation (WACC of 10.5%, terminal growth of 2.0%; both unchanged)

(RMBbn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Total revenue	71.0	79.4	87.0	93.5	99.0	103.6	107.4
NPV of FCF	128.0						
Discounted terminal value	172.5						
Total equity valuation	416.5						
No. of ADS (diluted, mn)	697						
Valuation per ADS (USD)	83.0						

Source: CMBIGM estimates

Note: 1) Our USD:RMB exchange rate assumption is 1:7.2; 2) our target valuation is based on 2026E valuation

Figure 4: TCOM: one-year forward PE over the past year

Source: Bloomberg, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	20,055	44,562	53,377	61,948	71,050	79,434
Cost of goods sold	(4,513)	(8,121)	(9,990)	(12,061)	(14,046)	(15,942)
Others	(16)	(52)	(83)	(95)	(109)	(122)
Gross profit	15,526	36,389	43,304	49,792	56,895	63,370
Operating expenses	(15,438)	(25,065)	(29,127)	(33,939)	(38,712)	(42,408)
SG&A expense	(7,097)	(12,945)	(15,988)	(18,983)	(21,914)	(24,103)
R&D expense	(8,341)	(12,120)	(13,139)	(14,956)	(16,799)	(18,305)
Operating profit	88	11,324	14,177	15,853	18,182	20,962
Interest income	2,046	2,090	2,341	2,546	2,959	3,112
Interest expense	(1,514)	(2,067)	(1,735)	(950)	(950)	(950)
Other income/expense	2,015	(667)	2,220	19,283	2,838	3,172
Pre-tax profit	2,635	10,680	17,003	36,733	23,029	26,297
Income tax	(682)	(1,750)	(2,604)	(5,620)	(4,606)	(5,259)
Others	(586)	1,072	2,828	381	0	0
Minority interest	36	(84)	(160)	(157)	(157)	(157)
Net profit	1,403	9,918	17,067	31,336	18,266	20,881
Adjusted net profit	1,294	13,071	18,041	31,228	20,561	23,248

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	61,435	88,732	112,120	161,167	192,912	226,948
Cash & equivalents	17,000	41,592	48,439	95,833	122,162	151,208
Restricted cash	1,487	2,391	2,654	4,336	4,973	5,560
Account receivables	5,486	11,410	12,459	12,390	14,210	15,887
Prepayment	10,169	12,749	17,290	20,133	23,091	25,816
Other current assets	27,293	20,590	31,278	28,475	28,476	28,477
Non-current assets	130,256	130,405	130,461	129,455	129,352	129,292
PP&E	5,204	5,142	5,053	5,495	5,542	5,632
Investment in JVs & assos	50,177	49,342	47,194	47,194	47,194	47,194
Intangibles	12,742	12,564	12,763	11,165	10,966	10,765
Goodwill	59,337	59,372	60,911	60,911	60,911	60,911
Other non-current assets	2,796	3,985	4,540	4,690	4,740	4,790
Total assets	191,691	219,137	242,581	290,623	322,265	356,240
Current liabilities	61,239	72,411	74,010	87,906	98,489	108,547
Short-term borrowings	32,674	25,857	19,433	19,433	19,433	19,433
Account payables	7,569	16,459	16,578	20,263	23,598	26,782
Tax payable	835	2,038	2,117	8,430	6,909	7,889
Other current liabilities	19,765	27,013	33,430	39,056	47,847	53,646
Accrued expenses	396	1,044	2,452	724	702	797
Non-current liabilities	17,433	23,720	25,089	25,577	25,910	26,415
Long-term borrowings	13,177	19,099	20,134	20,134	20,134	20,134
Obligations under finance leases	534	477	561	561	561	561
Other non-current liabilities	3,722	4,144	4,394	4,882	5,215	5,720
Total liabilities	78,672	96,131	99,099	113,483	124,399	134,962
Share capital	6	6	6	6	6	6
Capital surplus	95,196	97,428	101,187	103,543	106,038	108,605
Retained earnings	20,135	28,806	45,251	76,553	94,784	115,630
Other reserves	(3,054)	(4,056)	(3,894)	(3,894)	(3,894)	(3,894)
Total shareholders equity	112,283	122,184	142,550	176,207	196,934	220,347
Minority interest	736	822	932	932	932	932
Total equity and liabilities	191,691	219,137	242,581	290,623	322,265	356,240

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,049	11,752	19,831	37,114	23,029	26,297
Depreciation & amortization	875	817	851	893	938	988
Change in working capital	(800)	9,256	3,321	11,122	5,804	5,656
Others	517	179	(4,378)	(6,449)	(5,296)	(5,877)
Net cash from operations	2,641	22,004	19,625	42,679	24,475	27,064
Investing						
Capital expenditure	(497)	(606)	(591)	(686)	(787)	(880)
Acquisition of subsidiaries/ investments	1,039	(5,326)	(16,036)	0	0	0
Others	594	11,851	10,575	3	4	4
Net cash from investing	1,136	5,919	(6,052)	(682)	(783)	(875)
Financing						
Net borrowings	4,938	5,721	(3,231)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(11,655)	(8,268)	(3,479)	7,079	3,273	3,444
Net cash from financing	(6,717)	(2,547)	(6,710)	7,079	3,273	3,444
Net change in cash						
Cash at the beginning of the year	21,196	18,487	43,983	51,093	100,169	127,135
Exchange difference	231	120	247	0	0	0
Others	(2,940)	25,376	6,863	49,076	26,966	29,633
Cash at the end of the year	18,487	43,983	51,093	100,169	127,135	156,768
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	0.1%	122.2%	19.8%	16.1%	14.7%	11.8%
Gross profit	0.7%	134.4%	19.0%	15.0%	14.3%	11.4%
Operating profit	na	12,768.2%	25.2%	11.8%	14.7%	15.3%
Net profit	na	606.9%	72.1%	83.6%	(41.7%)	14.3%
Adj. net profit	(4.6%)	910.1%	38.0%	73.1%	(34.2%)	13.1%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	77.4%	81.7%	81.1%	80.4%	80.1%	79.8%
Operating margin	0.4%	25.4%	26.6%	25.6%	25.6%	26.4%
Adj. net profit margin	6.5%	29.3%	33.8%	50.4%	28.9%	29.3%
Return on equity (ROE)	1.3%	8.5%	12.9%	19.7%	9.8%	10.0%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	1.0	1.2	1.5	1.8	2.0	2.1
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	233.0	33.2	19.4	10.6	18.2	15.9
P/B	3.0	2.8	2.5	1.9	1.7	1.5
P/CFPS	164.0	16.4	18.5	8.4	14.8	13.4

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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