

Trip.com (TCOM US)

Results beat; travel demand remains resilient

Trip.com Group (TCOM) released (26 Feb) 4Q25 results: total revenue was RMB15.4bn, up 20.8% YoY, 4% better than Bloomberg consensus estimates driven by an all-round beat across segments especially in corporate travel, package tour, and Others. Non-GAAP operating income (OP) was RMB3.2bn, 2% better than consensus, thanks to the beat in revenue. For 2025, total revenue/non-GAAP OP grew 17/11% YoY. While TCOM is facing some sentiment-driven headwinds, we believe its competitive advantages relative to domestic peers — including robust supply chain capabilities, high service quality, comprehensive product offerings, and global coverage — remain intact and supportive of its long-term growth trajectory. Its international expansion is also on track to unlock further long-term development opportunities. Our DCF-based target price remains unchanged at US\$83.0, translating into 20x 2026E PE (non-GAAP). Maintain BUY.

- **Domestic and outbound travel demand remains resilient.** 1) For domestic business, management noted healthy booking volume growth QTD in 1Q26, with domestic hotel booking volume growth standing at low-teens YoY, and transportation ticketing volume growth inline with industry; 2) Outbound air ticket and hotel bookings on TCOM's platform both recorded teens level of growth; 3) For pure international business, Trip.com /Skyscanner&others accounted for 18/7%% of group-level revenue in 4Q25, and revenue growth of Trip.com stayed at over 60% YoY in the quarter, and we are anticipating the over 60% YoY revenue growth to sustain in 1Q26E, driven by robust volume growth. Overall, we expect total revenue growth of 15% YoY, with total revenue to reach RMB15.9bn in 1Q26E, 1% higher than Bloomberg consensus.
- **Driving operating efficiency improvement for international business amid robust revenue growth trajectory.** TCOM's non-GAAP OPM for 4Q25 was 20.7%, 0.4ppts shy of consensus, which we attribute to the stronger-than-expected revenue growth of Trip.com which is still in loss making stage. Despite that Trip.com is still enjoying strong revenue growth, TCOM guided to drive operating efficiency improvement for the business, and operating loss margin for Trip.com should see an improvement trend in 2026, in our view. For 2026E, we are estimating non-GAAP OP of RMB20.2bn, up 12% YoY, translating into non-GAAP OPM of 28.3% (2025: 28.9%).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	53,377	62,510	71,577	79,110	85,898
YoY growth (%)	19.8	17.1	14.5	10.5	8.6
Net profit (RMB mn)	17,067.0	33,294.0	17,452.2	20,928.9	23,304.7
Adjusted net profit (RMB mn)	18,041.0	31,839.0	20,029.0	23,579.1	26,010.5
YoY growth (%)	38.0	76.5	(37.1)	17.7	10.3
EPS (Adjusted) (RMB)	25.84	46.23	29.08	34.24	37.77
P/E (x)	13.7	7.0	13.4	11.2	10.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$83.00
Up/Downside	58.8%
Current Price	US\$52.27

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Stock Data

Mkt Cap (US\$ mn)	35,998.6
Avg 3 mths t/o (US\$ mn)	211.9
52w High/Low (US\$)	78.96/52.21
Total Issued Shares (mn)	688.7

Source: FactSet

Shareholding Structure

Capital World Investors	7.9%
Baidu	6.4%

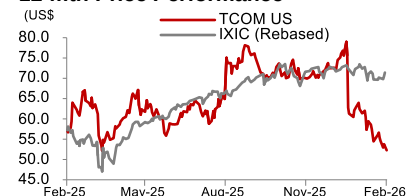
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-16.3%	-13.9%
3-mth	-25.0%	-24.8%
6-mth	-19.9%	-25.3%

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	4Q25	4Q25E consensus	Diff%
Total revenue	11.9	12.8	15.9	12.8	13.9	14.9	18.4	15.4	14.9	3.7%
YoY growth (%)	29.4%	13.5%	15.6%	23.5%	16.2%	16.2%	15.5%	20.8%		
Accommodation reservation	4.5	5.1	6.8	5.2	5.5	6.2	8.0	6.3	6.2	2.0%
YoY growth (%)	29.2%	19.9%	21.7%	32.7%	23.2%	21.2%	18.3%	21.4%		
Transportation ticketing	5.0	4.9	5.7	4.8	5.4	5.4	6.3	5.4	5.4	0.1%
YoY growth (%)	20.3%	1.2%	5.3%	16.4%	8.4%	10.8%	11.6%	12.3%		
Package tour	0.9	1.0	1.6	0.9	0.9	1.1	1.6	1.1	1.0	7.9%
YoY growth (%)	128.8%	42.0%	17.3%	23.6%	7.2%	5.3%	3.1%	21.4%		
Corporate travel	0.5	0.6	0.7	0.7	0.6	0.7	0.8	0.8	0.7	10.0%
YoY growth (%)	14.8%	8.4%	11.0%	10.7%	12.1%	9.3%	15.2%	15.1%		
Others	1.0	1.1	1.2	1.2	1.4	1.5	1.7	1.9	1.7	15.1%
YoY growth (%)	38.6%	31.0%	40.9%	24.9%	33.0%	31.0%	33.9%	54.3%		
Gross profit	9.7	10.5	13.1	10.1	11.1	12.0	15.0	12.2	11.7	3.8%
Operating profit	3.3	3.6	5.0	2.3	3.6	4.1	5.6	2.5	2.5	0.0%
Non-GAAP operating profit	3.8	4.2	5.5	2.8	4.0	4.7	6.1	3.2	3.1	1.5%
YoY growth (%)	43.8%	21.7%	23.7%	4.3%	7.4%	10.4%	12.2%	15.9%		
Non-GAAP net profit	4.1	5.0	6.0	3.0	4.2	5.0	19.2	3.5	3.2	7.7%
YoY growth (%)	96.4%	45.2%	21.8%	13.6%	3.3%	0.5%	221.2%	14.7%		
Expense ratio and margins										
GPM (%)	81.1%	81.8%	82.2%	79.1%	80.3%	80.9%	81.6%	78.8%	78.8%	0.0 ppt
OPM (%)	27.8%	27.8%	31.5%	18.0%	25.7%	27.6%	30.3%	16.4%	17.0%	-0.6 ppt
Non-GAAP OPM (%)	31.6%	33.1%	34.4%	21.6%	29.2%	31.4%	33.4%	20.7%	21.2%	-0.4 ppt
Non-GAAP P&D expense ratio	24.3%	20.9%	21.5%	24.9%	23.9%	21.8%	20.9%	24.2%	24.3%	-0.2 ppt
Non-GAAP S&M expense ratio	19.1%	21.8%	21.1%	26.2%	21.4%	22.1%	22.5%	28.1%	27.0%	1.1 ppt
Non-GAAP G&A expense ratio	6.1%	6.1%	5.3%	6.5%	5.9%	5.7%	4.9%	5.9%	6.2%	-0.3 ppt
Adjusted NPM (%)	34.0%	39.0%	37.5%	23.8%	30.2%	33.7%	104.3%	22.6%	21.7%	0.8 ppt

Source: Company data, Bloomberg, CMBIGM

We lift 2026E revenue forecast by 0.7%, to account for more robust-than-expected international business revenue growth, as well as more solid-than-expected revenue growth in package tour and corporate travel business, while our non-GAAP OPM forecast is lowered to 28.3% (from 28.9%) accordingly to reflect the increase in revenue contribution of international business which is still in loss making stage.

Figure 2: TCOM: forecast revision

RMB bn	Current			Previous			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	71.6	79.1	85.9	71.0	79.4	-	0.7%	-0.4%	-
Gross Profit	57.4	63.4	68.9	56.9	63.4	-	0.8%	0.1%	-
Operating Profit	17.6	20.2	22.6	18.2	21.0	-	-2.9%	-3.6%	-
Non-GAAP OP	20.2	22.9	25.3	20.5	23.3	-	-1.2%	-2.0%	-
Non-GAAP NP	20.0	23.6	26.0	20.6	23.2	-	-2.6%	1.4%	-
Gross Margin	80.1%	80.1%	80.2%	80.1%	79.8%	-	0.1 ppt	0.4 ppt	-
Operating Margin	24.7%	25.6%	26.3%	25.6%	26.4%	-	-0.9 ppt	-0.8 ppt	-
Non-GAAP OPM	28.3%	28.9%	29.4%	28.9%	29.4%	-	-0.6 ppt	-0.5 ppt	-
Non-GAAP NPM	28.0%	29.8%	30.3%	28.9%	29.3%	-	-1.0 ppt	0.5 ppt	-

Source: CMBIGM estimates

Figure 3: TCOM: DCF valuation (WACC of 10.5%, terminal growth of 1.0%)

(RMBbn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Total revenue	71.6	79.1	85.9	91.8	96.6	100.7	104.1	106.9	109.2	111.2	112.9
NPV of FCF	189.1										
Discounted terminal value	99.5										
Total equity valuation	399.9										
No. of ADS (diluted, mn)	689										
Valuation per ADS (USD)	83.0										

Source: CMBIGM estimates

Note: 1) Our USD:RMB exchange rate assumption is adjusted to 1:7.0 from 1:7.2, in line with recent market trend;
 2) we have prolonged our DCF projection to 2036E and our terminal growth assumption has been lowered to 1% from 2% previously; 3) our target valuation is based on 2026E valuation.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	44,562	53,377	62,510	71,577	79,110	85,898
Cost of goods sold	(8,121)	(9,990)	(12,122)	(14,095)	(15,578)	(16,829)
Others	(52)	(83)	(101)	(116)	(128)	(139)
Gross profit	36,389	43,304	50,287	57,367	63,404	68,931
Operating expenses	(25,065)	(29,127)	(34,514)	(39,719)	(43,188)	(46,380)
SG&A expense	(12,945)	(15,988)	(19,378)	(22,783)	(24,785)	(26,569)
R&D expense	(12,120)	(13,139)	(15,136)	(16,936)	(18,403)	(19,810)
Operating profit	11,324	14,177	15,773	17,648	20,216	22,551
Interest income	2,090	2,341	2,603	2,197	3,769	4,133
Interest expense	(2,067)	(1,735)	(849)	(773)	(868)	(868)
Other income/expense	(667)	2,220	21,321	2,858	3,159	3,430
Pre-tax profit	10,680	17,003	38,848	21,930	26,276	29,246
Income tax	(1,750)	(2,604)	(5,815)	(4,386)	(5,255)	(5,849)
Others	1,072	2,828	353	0	0	0
Minority interest	(84)	(160)	(92)	(92)	(92)	(92)
Net profit	9,918	17,067	33,294	17,452	20,929	23,305
Adjusted net profit	13,071	18,041	31,839	20,029	23,579	26,011

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	88,732	112,120	121,050	188,356	221,232	255,277
Cash & equivalents	41,592	48,439	42,075	113,760	142,155	172,161
Restricted cash	2,391	2,654	4,376	5,010	5,538	6,013
Account receivables	11,410	12,459	15,241	14,315	15,822	17,180
Prepayment	12,749	17,290	27,351	23,262	25,711	27,917
Other current assets	20,590	31,278	32,007	32,007	32,007	32,007
Non-current assets	130,405	130,461	146,337	133,866	133,802	133,522
PP&E	5,142	5,053	5,445	5,553	5,639	5,510
Investment in JVs & assos	49,342	47,194	61,375	50,694	50,694	50,694
Intangibles	12,564	12,840	13,013	10,965	10,765	10,565
Goodwill	59,372	60,911	62,268	62,268	62,268	62,268
Other non-current assets	3,985	4,463	4,236	4,386	4,436	4,486
Total assets	219,137	242,581	267,387	322,222	355,034	388,799
Current liabilities	72,411	74,010	78,169	97,119	105,823	113,156
Short-term borrowings	25,857	19,433	19,335	19,335	19,335	19,335
Account payables	16,459	16,578	19,150	22,266	24,610	26,586
Tax payable	2,038	2,117	0	6,579	7,883	8,774
Other current liabilities	27,013	33,430	38,957	48,234	53,217	57,620
Accrued expenses	1,044	2,452	727	705	779	841
Non-current liabilities	23,720	25,089	16,618	26,309	26,673	26,930
Long-term borrowings	19,099	20,134	11,430	20,134	20,134	20,134
Obligations under finance leases	477	561	585	585	585	585
Other non-current liabilities	4,144	4,394	4,603	5,590	5,954	6,211
Total liabilities	96,131	99,099	94,787	123,429	132,496	140,086
Share capital	6	6	6	6	6	6
Capital surplus	97,428	101,187	103,657	106,434	109,284	112,190
Retained earnings	28,806	45,251	71,792	95,928	116,822	140,092
Other reserves	(4,056)	(3,894)	(4,506)	(4,506)	(4,506)	(4,506)
Total shareholders equity	122,184	142,550	170,949	197,861	221,606	247,781
Minority interest	822	932	1,651	932	932	932
Total equity and liabilities	219,137	242,581	267,387	322,222	355,034	388,799

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	11,752	19,831	39,201	21,930	26,276	29,246
Depreciation & amortization	817	851	893	939	988	1,020
Change in working capital	9,256	3,321	(8,586)	23,965	4,749	3,769
Others	179	(4,378)	(6,465)	(4,729)	(5,525)	(6,063)
Net cash from operations	22,004	19,625	25,043	42,104	26,488	27,971
Investing						
Capital expenditure	(606)	(591)	(692)	(793)	(876)	(693)
Acquisition of subsidiaries/ investments	(5,326)	(16,036)	0	0	0	0
Others	11,851	10,575	4	4	4	5
Net cash from investing	5,919	(6,052)	(689)	(788)	(871)	(689)
Financing						
Net borrowings	5,721	(3,231)	(98)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(8,268)	(3,479)	(28,899)	31,004	3,305	3,198
Net cash from financing	(2,547)	(6,710)	(28,997)	31,004	3,305	3,198
Net change in cash						
Cash at the beginning of the year	18,487	43,983	51,093	46,451	118,771	147,692
Exchange difference	120	247	0	0	0	0
Others	25,376	6,863	(4,642)	72,320	28,921	30,481
Cash at the end of the year	43,983	51,093	46,451	118,771	147,692	178,173
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	122.2%	19.8%	17.1%	14.5%	10.5%	8.6%
Gross profit	134.4%	19.0%	16.1%	14.1%	10.5%	8.7%
Operating profit	12,768.2%	25.2%	11.3%	11.9%	14.6%	11.6%
Net profit	606.9%	72.1%	95.1%	(47.6%)	19.9%	11.4%
Adj. net profit	910.1%	38.0%	76.5%	(37.1%)	17.7%	10.3%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	81.7%	81.1%	80.4%	80.1%	80.1%	80.2%
Operating margin	25.4%	26.6%	25.2%	24.7%	25.6%	26.3%
Adj. net profit margin	29.3%	33.8%	50.9%	28.0%	29.8%	30.3%
Return on equity (ROE)	8.5%	12.9%	21.2%	9.5%	10.0%	9.9%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	1.2	1.5	1.5	1.9	2.1	2.3
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	23.5	13.7	7.0	13.4	11.2	10.0
P/B	2.0	1.8	1.4	1.2	1.1	0.9
P/CFPS	11.5	12.9	10.1	6.0	9.6	9.0

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

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