Nanyang Capital
Stock Pitch Challenge 2026

Trip.com [SEHK: 9961]

Team: Beta Breakers

Equity Research Report

Trip.com [SEHK:9961]
BUY: CNY492 (+10.31%)

Basic Information

Last Closed Price	CNY446
12M Target Price	CNY492
+/- Potential	+10.31%
SEHK Ticker	9961.HK
GICS Sector	Consumer Cyclical
GICS Sub-Industry	Travel Services

1Y Performance Against S&P500

Company Description

Trip.com Group is a leading global and China's largest one-stop online travel agency, offering comprehensive travel services like booking for hotels, flights, trains, car rentals, package tours and corporate travel management.
Trip.com monetises their platform mainly through commissions and service fees, leveraging their strong network, scale advantages and data-driven personalisation. As post-pandemic travel demands return to a steady rate, Trip.com is positioned to capture structural growth in outbound travel, while using operating leverage and disciplined marketing spend to drive margin expansion and earnings recovery.

Key Financials

Market Cap	USD $40.112 billion
Basic Shares O/s	653.6 million
Free Float	90.65%
52-Wk High-Low	USD 51.35 - USD 78.99
Fiscal Year End	31 December

(in CNY B)	FY23A	FY24A	FY25P	FY26P
Revenue	44.51	53.29	52.00	51.07
Gr Rate (%)	122	19.7	-2.4	-1.8
EBIT	11.32	14.18	13.62	13.38
EPS (CNY)	15.32	26.34	18.62	18.35

Key Executives

James Liang	Co-founder Executive Chairman
Min Fan	Co-founder Vice Chairman and President
Jane Sun	Chief Executive Officer Director
Xing Xiong	Chief Operating Officer
Cindy Wang	Chief Financial Officer Executive Vice President
Bo Sun	Chief Marketing Officer

We are initiating coverage of **Trip.com ("TCOM" or the "company")** with a **BUY** rating and a **CNY492** price target.

FY25 Q3 Earnings Highlights

- CNY18.3 billion in net revenue, a 16% increase YoY growth and a 24% increase from FY25 Q2
- Accommodation reservation revenue +18% YoY, reflecting strong hotel booking volumes and favourable mix
- Transportation ticketing revenue +12% YoY, due to flight capacity recovery
- Adjusted EBITDA of CNY6.3 billion, indicating sustained margin strength and operating leverage
- Diluted EPS of CNY28.61, materially exceeding prior-year levels and reflecting earnings normalisation
- Strong balance sheet position, with cash and cash equivalents of CNY107.7 billion at quarter-end

Investment Thesis

- Trip.com's post-pandemic earnings recovery reflects structurally higher margins and operating leverage rather than a temporary rebound, anchoring earnings at a higher normalised level that drives share price performance
- Strong free cash flow generation and a rising net cash position confirm earnings quality, reduce financial risk and support valuation durability in volatile market conditions
- Outbound and international travel, which is typically higher value and margin accretive, has yet to fully normalise which provides incremental earnings upside beyond current market expectations

Catalysts

- **Near-term (6–12 months):** Sustained earnings momentum and strong EBITDA margins in the mid-30% range, supported by international expansion and regulatory clarity.
- **Strategic drivers:** Potential global partnerships with airlines or OTAs, new market entries in Southeast Asia, and technology upgrades like AI-powered booking systems.
- **Regulatory catalyst:** Possible resolution of the SAMR investigation and greater policy transparency in China could lift the stock's valuation overhang.
- **Medium-term (12–24 months):** Key upside from outbound travel recovery, shareholder-return programs (dividends/buybacks), AI-driven personalization, and potential M&A to enhance growth and profitability

Valuation

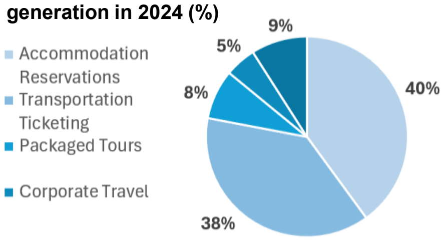
Our 12M price target at the date of coverage is 492 CNY, representing a 10.3%% upside.

- **Revenue & volume outlook:** Total revenues of CNY 49.5–52.1 billion annually over 2025–29E, driven by mature domestic accommodation/transportation businesses, selective international expansion via outbound/inbound travel, and a fast-growing "Others" segment projected at ~20% annual growth - partially offset by structural ASP compression as post-COVID pricing tailwinds fade.
- **Conservative margin framework:** Gross margins projected at 36.5–37.5% across scenarios. Operating costs held stable as a percentage of sales with R&D at 3.3% and SG&A at 7.0%, showing the asset-light model's operational leverage.
- **DCF target of CNY 492 (10.3% upside):** Based on an 11.5x terminal EBITDA multiple, 7.5% WACC, and CNY 106.6B net cash bridge. Forward multiples of 3.0x EV/Sales and 7.9x EV/EBITDA sit at a slight premium to Expedia (2.8x, 3.1x) but a discount to Booking (4.5x)

Investment Risks

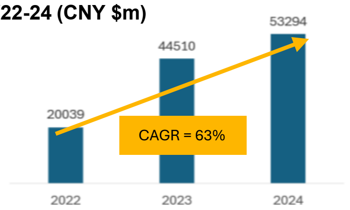
- **Regulatory Scrutiny:** Pending SAMR antitrust investigation into "exclusive agreements" could lead to fines (1-10% of 2025 revenue) and downward pressure on domestic commission rates.
- **Intense Competitive Rivalry:** Global loyalty wars (Booking's Genius vs Expedia's One Key) and Meituan's aggressive high-star expansion threaten to compress long-term operating margins towards the mid-20s.
- **Supplier Power:** Global hotel titans (Marriot/Hilton) are using 180M+ loyalty members to drive direct booking, challenging the 25% take-rates of OTAs in the high-star segment.

Figure 1: Breakdown of TCOM's net revenue generation in 2024 (%)



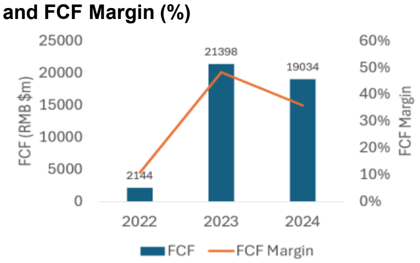
Source: DBS Bank, 2025

Figure 2: TCOM's annual net revenue from FY22-24 (CNY $m)



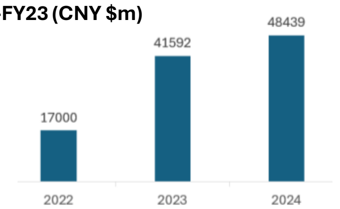
Source: Company disclosures

Figure 3: TCOM's annual FCF (CNY $m) and FCF Margin (%)



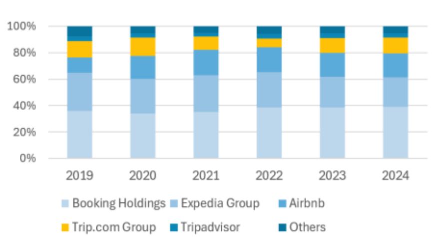
Source: Company disclosures

Figure 4: TCOM's annual net cash from FY22-FY23 (CNY $m)



Source: Company disclosures

Figure 5: Breakdown of market share of the OTA industry



Source: Statista, n.d.

Business Analysis

Founded in 1999, Trip.com is an asset-light Online Travel Agency (OTA) operating a portfolio of brands, including Trip.com, Ctrip, Qunar and Skyscanner. It generates net revenue primarily through commission and service fees across accommodation, transportation and packaged travel bookings (Figure 1). As a platform business with high fixed costs and low incremental costs, earnings are driven by scale, marketing efficiency and a mixed shift toward higher-margin segments like accommodation and tours.

Financial Analysis

Following a depressed 2022 base, TCOM's revenue and earnings rebounded sharply in 2023, delivering a CAGR of 63% (Figure 2). This was due to travel demand recovering and outbound normalisation, supported by operating leverage and improved cost discipline. Growth moderated in 2024, reflecting normalisation rather than a slowdown, with earnings expanding faster than revenue due to margin recovery.

The earnings recovery was also supported by strong cash generation, with free cash flow (FCF) margins structurally higher post-pandemic despite normalisation from an exceptionally 2023 peak (Figure 3). In 2024, they recorded a FCF margin of 36% which indicates normalisation of the FCF trend. It is a very strong margin for an OTA which suggests structural improvements in cash efficiency, operating leverage kicking in and scalable platform economics.

TCOM's rising net cash position and low capital expenditure requirements highlight the scalability and resilience of their asset-light business model. Net cash has been rising sharply and consistently over 3 years (Figure 4) which implies that the strong FCF is being converted to real cash. This strengthening in balance sheet also means TCOM has higher financial flexibility, greater downside protection and lower balance sheet risk due to its strong cash buffer.

Overall, TCOM's share price is primarily driven by the market's assessment of earnings durability, margin sustainability and cash flow quality rather than headline revenue growth. The sharp recovery and normalisation of EPS, along with growing EBIT and EBITDA margins highlight the importance of operating leverage in shaping forward earnings expectations. Strong FCF generation and a rising net cash position further reinforce earnings quality and reduce perceived financial risk, influencing valuation multiples in volatile market conditions.

Industry Analysis

The Chinese online travel industry is currently navigating a “gearshift moment” characterised by a transition from broad, scale-oriented expansion to a development path focusing on quality enhancement and structural optimisation. The total addressable market (TAM) for online travel in China was valued at USD 105.12 billion in 2025 and is projected to reach USD 120.98 billion in 2026, growing at a CAGR of 15.08% through 2031.

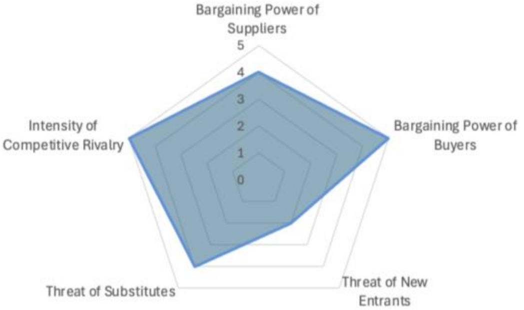
Trip.com Group is now a peer to the global "triopoly" of Booking Holdings, Expedia, and Airbnb. While Booking (28% global share) dominates Europe and Expedia (16% global share) leads in North America, Trip.com maintains a 55-60% market share in China and is rapidly expanding its reach to 172 million discovery users, significantly higher than Airbnb's 20 million. Trip.com’s operational efficiency rivals that of Booking Holdings, with both maintaining Adjusted EBITDA margins in the mid-30s, significantly higher than Expedia’s historical levels. Unlike TripAdvisor, which is aggressively pivoting to the experiences market (Viator) to offset a declining meta-search meta-advertising business (still 65% of its revenue), Trip.com has already completed its transition into a high-margin transactional engine.

Growth Vectors: The Outbound Engine and Passport Gap

Value in the OTA chain is shifting toward Outbound Travel, which is poised to accelerate at a 20.15% CAGR through 2031. This segment offers significantly higher ADR and take rates than domestic alternatives. The structural runway for this growth is immense: only 10–15% of the Chinese population currently holds a passport, representing a decades-long trajectory of premiumization as urban incomes rise. Domestically, the expansion of China’s 50,000-km high-speed rail (HSR) grid serves as a core efficiency driver, enabling high-frequency "micro-vacations" that smooth out traditional seasonality for top-tier platforms.

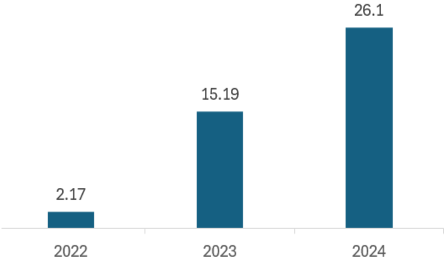
Simultaneously, the regulatory environment has tightened. The SAMR’s investigation into Trip.com for suspected monopolistic practices reflects a broader government effort to curb the power of massive digital platforms. This "anti-involution" agenda aims to reshape industrial behavior by discouraging predatory pricing and forced exclusivity, which could eventually improve pricing power for suppliers (hotels and airlines) at the expense of OTA margins.

Figure 6: Porter's Five Forces: The Global OTA Landscape



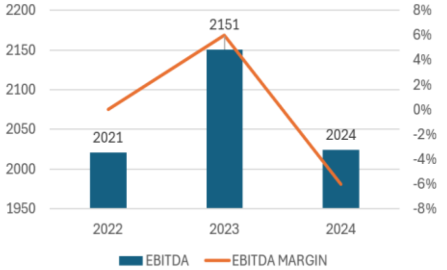
Source: Team Research

Figure 7: TCOM's annual EPS from FY22 – FY24 (RMB $)



Source: Company disclosures

Figure 8: TCOM's annual EBITDA (RMB $m) and EBITDA Margins (%) from FY22 - FY24



Source: Company disclosures

Porter's Five Forces: The Global Online Travel Agencies (OTA) Landscape

Bargaining Power of Suppliers (Moderate to High): Global hotel chains and airlines are aggressively investing in direct booking platforms to bypass OTA commissions, which range from 15% to 30%. Major airlines increased ticket prices by ~12% in 2023, while hotel rates rose ~7%, adding direct cost pressure to OTA inventory acquisition. Global titans like Marriott and Hilton, with 180 million+ loyalty members each, represent significant pressure for platforms to justify their take rates.

Bargaining Power of Buyers (High): Travelers in 2026 exhibit extreme price sensitivity and benefit from near-zero switching costs, estimated at only 2-3% of booking value. The ubiquity of global metasearch engines (such as Google Flights and Skyscanner) and AI agents that can "exchange loyalty points" enables customers to bypass any platform that does not offer absolute price transparency.

Threat of New Entrants (Low to Moderate): The industry requires substantial, ongoing investment in technology; Expedia Group spends approximately $1.2 billion annually on its unified tech stack. While the capital barriers are immense, tech innovators like Hopper are disrupting the space by leveraging AI-powered predictive analytics and fintech products like "price freezes".

Threat of Substitutes (Moderate to High): Direct supplier websites now capture nearly half of all online bookings as hotels offer "loyalty-only" rates to undercut OTAs. Furthermore, alternative accommodations represent a multi-hundred-billion-dollar segment; Airbnb's 7.7 million listings globally serve as a structural substitute for traditional hotel inventory, forcing OTAs to expand into vacation rentals.

Intensity of Competitive Rivalry (High): The global market is a clash of giants where Booking Holdings (28% share) and Expedia Group (16%) battle Trip.com and Airbnb for market supremacy. Competition has shifted to a "loyalty war and a race for AI integration to reduce customer service overhead. Trip.com's superior organic discovery reach (172 million users) provides a unique defensive buffer against rivals.

Investment Theses

1. Earnings normalisation and operating leverage remain underappreciated

Trip.com's earnings recovery from 2022 to 2024 reflects more than a cyclical rebound in travel demand, as evidenced by the sharp and sustained improvement in EPS over the period (Figure X). Annual EPS increased materially from RMB2.17 in FY22 to RMB 26.1 in FY24, indicating that earnings have not only recovered but continued to expand into the normalisation phase.

Their earnings trajectory has been underpinned by margin dynamics rather than revenue growth alone (Figure Y). EBITDA expanded alongside margin normalisation, highlighting the impact of operating leverage inherent in Trip.com's asset-light OTA platform, where incremental revenue delivers high drop-through despite moderating top-line growth in FY24. Together, these trends suggest that Trip.com's earnings power has structurally reset at a higher level and that forward earnings expectations remain the primary driver of share price performance.

2. Cash flow strength and balance sheet resilience support valuation durability

Beyond reported earnings, Trip.com's financial strength is increasingly reflected in its ability to generate and retain cash, which reinforces the quality of its profitability. As shown in Figure 3, free cash flow margins expanded materailly from FY22 to FY24, remaining structurally elevated at 36% in FY24 despite normalisation from an exceptional FY23 peak. This indicates that earnings improvement are translating into real cash generation, supported by scalable platform economics and low capital expenditure requirements, inherent in the asset-light OTA model. Moreover, Figure 1 shows that a high contribution from accommodation bookings support margin expansion and earnings normalisation.

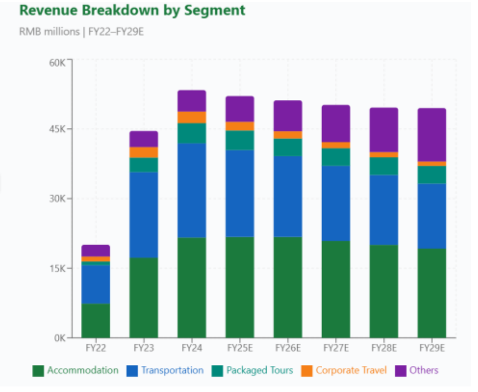
Consistent with this trend, Figure 4 shows sharp and sustained increase in Trip.com's net cash position over the same period, confirming that strong FCF is being retained on the balance sheet rather than absorbed by leverage or reinvestment needs.

3. Outbound and international travel upside remains underappreciated

Despite the recovery in overall travel demand, market expectations for Trip.com appear to assume that outbound and international travel has largely normalised. However, outbound travel remains structurally higher value than domestic travel, with greater contribution per booking and strong margin characteristics. Continued normalisation of visa policies, flight capacity recovery and rising demand for regional Asia-Pacific travel suggest that outbound volumes and mix have not yet reverted to pre-pandemic trends.

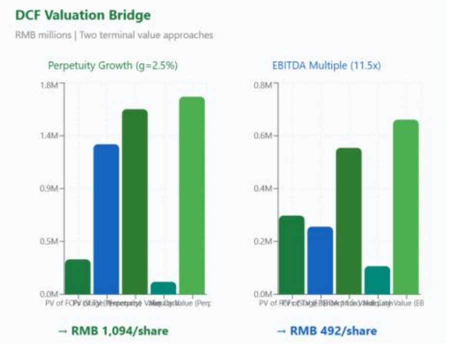
As Trip.com maintains strong exposure to outbound and cross-border travel through its integrated platform and international brands, incremental recovery in this segment carries disproportionate earnings upside relative to revenue growth. This mix-driven tailwind is not fully reflected in consesus earnings expectations, providing an additional upside lever beyond baseline earnings normalisation.

Figure 9: Trip.com's revenue from FY22-FY29



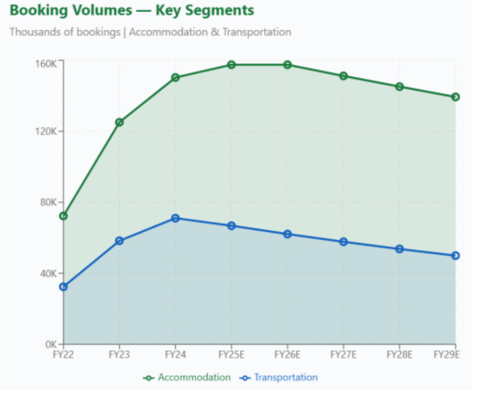
Source: Team Findings

Figure 10: Equity Value of Trip.com under EBITDA Model and Perpetuity Growth



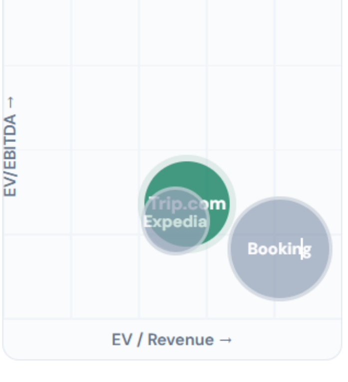
Source: Team Findings

Figure 11: Booking Volume projection: Accommodation and Transportaiton



Source: Team Findings

Figure 12: Multiples Bubble Chart



Source: Team Findings

Valuation

We issue a **BUY** recommendation for 9961 based on a rigorous valuation analysis using three different approaches: DCF, relative valuation, DDM, and segment analysis. We assign a 100% weight to the DCF approach due to its superior ability to capture the company's long-term intrinsic value through detailed cash flow forecasts, operational insights, and financial projections. Other approaches also confirm our sell recommendation for 9961.

DCF Valuation – CNY 492, 10.3% upside

Revenue Forecast: We forecast total revenues of CNY 49.5–52.1 billion annually over 2025–29E. Key drivers include a) the maturation of Trip.com's core domestic accommodation and transportation ticketing businesses, reflected in record FY24 revenue of CNY 53.3 billion (+20% y/y); b) selective international expansion via outbound and inbound travel, though growth headwinds in corporate travel (–15% y/y) and packaged tours moderate the top line; c) a fast-growing "Others" segment (advertising services, fintech), projected to grow at ~20% annually through 2029; and d) structural Average Selling Price (ASP) compression in accommodation (–4% in 2025E) and transportation (–2% in 2025E) as the post-COVID pricing tailwind fades. Our forecasts are based on a unit-economics framework, modelling booking volumes and ASPs per segment across three scenarios.

Average Selling Prices: Accommodation ASPs are projected to stabilise around CNY 138 after a –4% normalisation in 2025E from the FY24 peak of CNY 144. Transportation ASPs are similarly expected to settle at CNY 280 following a –2% correction. We maintain a conservative assumption that ASPs remain flat from 2026E onward, capturing the view that post-pandemic pricing power has largely been realised.

Booking Volumes: Accommodation reservations are forecast at ~157 million units in 2025E (+4.8% y/y) before declining modestly at –4% annually from 2027E as domestic penetration saturates. Transportation ticketing volumes face steeper headwinds at –6% to –7% annually, reflecting fare commoditisation and the shift toward direct-channel sales by airlines. Corporate travel volumes are projected to decline –15% to –25% annually as enterprises rationalise travel budgets post-COVID.

Costs: Our conservative approach accounts for Trip.com's transition toward a platform model with higher gross margins offset by continued investment. Fixed costs are projected to remain stable as a percentage of sales, driven by operational leverage. Product development expenses are forecast at 3.3% of revenue (vs. 24.7% in FY24), reflecting the shift from capitalised R&D to intangible asset amortisation. SG&A is held at 7.0% of revenue across the forecast horizon.

Gross Margins: Projected at 36.5% over the forecast period (weak case), a sharp decline from the reported 81.3% in FY24. This reflects our reclassification of costs to align with platform economics and a conservative stance on commission rate compression from supplier negotiations and competitive dynamics in the OTA space. In our best-case scenario, gross margins reach 37.5%, while the base case assumes 37.1–37.4%.

Valuation Multiples (Implied): Our DCF target implies the following forward multiples:

Multiple	FY25E	FY26E	Comment
EV/Revenue	3.0x	3.1x	Slight premium to Expedia (2.8x), discount to Booking (4.5x)
EV/EBITDA	7.9x	8.0x	In line with OTA sector median (8.0-9.0x)
P/E	26.4x	27.0x	Justified by superior growth profile and cash generation

Sensitivity Analysis: Our valuation is most sensitive:
1) Terminal Growth Rate: Each 25 bps change in TGR impacts fair value by ±3-4%
2) WACC: Each 25 bps change in WACC impacts fair value by ±5-6%
3) Gross Margin Assumptions: 100 bps margin expansion could drive 8-10% upside to target
4) Outbound Travel Mix: Faster outbound recovery could add 10-15% to fair value

Figure 13: Sensitivity Analysis (Gross Proft vs Revenue Growth Rate

		Revenue growth rate				
	$17.68	15.5%	13.5%	12.0%	11.0%	10.5%
Gross	85.0%	52.27	51.42	50.78	50.35	50.14
Profit	80.0%	48.98	48.18	47.59	47.19	46.99
Margin:	75.0%	45.69	44.95	44.40	44.03	43.84
	70.0%	42.40	41.72	41.21	40.87	40.70
	65.0%	39.11	38.49	38.02	37.71	37.55
	60.0%	35.82	35.25	34.83	34.54	34.40

Figure 14: Sensitivity Analysis (International Expansion Growth vs Core Business Expansion Growth

		Core Business Segment Growth				
	$17.68	0.0%	5.0%	10.0%	15.0%	20.0%
	25.0%	42.19	42.53	42.88	43.22	43.56
	20.0%	41.23	41.58	41.92	42.26	42.60
International	15.0%	40.27	40.62	40.96	41.30	41.65
Expansion Growth	10.0%	39.32	39.66	40.00	40.34	40.69
	5.0%	38.36	38.70	39.04	39.39	39.73
	0.0%	37.40	37.74	38.09	38.43	38.77

Investment Recommendation

We recommend BUY on Trip.com Group (SEHK: 9961), supported by structurally higher earnings power, strong free cash flow generation, and underappreciated upside from outbound and international travel recovery. Our DCF-based valuation yields a fair value of approximately CNY 492 per share, implying low-single-digit upside from the current price in our conservative base case, with a skewed risk-reward profile to the upside when incorporating more optimistic volume and margin scenarios. EPS has risen from about RMB 2.2 in FY22 to roughly RMB 26 in FY24, showing that Trip.com's earnings power has structurally reset rather than merely recovering cyclically. EBITDA is projected to increase from around RMB 17.3bn in 2024 to about RMB 19–20bn by 2029, with margins remaining robust, reflecting the asset-light OTA model where incremental revenue delivers high drop-through to profit. Trip.com also generates very strong free cash flow, with FCF margins around the mid-30% range in 2024, well above typical OTA peers, while rising retained earnings and a net cash position provide downside protection, optionality for buybacks or M&A, and support for a premium multiple versus Chinese internet names with higher leverage. Finally, the market appears to assume that outbound and cross-border travel has largely normalised, but our segment build still embeds conservative volume and ASP assumptions from 2026 onward; as visa policies, airline capacity and regional Asia-Pacific demand continue to recover, Trip.com's strong position in outbound Chinese travellers and its international brands (Trip.com, Skyscanner) give it mix-driven upside, since outbound bookings carry higher contribution margins and even modest volume upside can translate into disproportionately higher earnings

Catalysts

Near-term catalysts over the next 6–12 months include sustained earnings momentum, international expansion initiatives, and regulatory clarity. Q4 FY25 and FY26 results are expected to reflect continued strong margin performance, with EBITDA margins maintaining in the mid-30% range. Upside potential could arise from a faster-than-expected recovery in outbound travel, prompting a market reassessment of earnings quality and sustainability. On the strategic front, announcements of global partnerships with online travel agencies or airlines, new market entries in Southeast Asia and other high-growth regions, and technology enhancements such as AI-powered booking and recommendation engines could drive investor optimism. Additionally, resolution of the SAMR antitrust investigation with a manageable outcome, coupled with greater clarity on China's long-term regulatory framework for platform companies, may help remove a key risk factor currently contributing to the stock's valuation discount.

Over the medium term (12–24 months), key catalysts include capital allocation initiatives, an inflection point in outbound travel, and continued leadership in AI-driven technology. The company may introduce shareholder-return measures such as a dividend program and share buybacks, supported by robust free cash flow generation and a strong net cash position. Strategic mergers and acquisitions could also be pursued to accelerate international growth or broaden service offerings. Meanwhile, a visible rebound in outbound travel demand is expected to enhance the revenue mix, with the international segment contributing more significantly to overall growth and margins. Finally, successful deployment of generative AI for personalized travel planning, alongside measurable reductions in customer acquisition costs and improved conversion rates, could reinforce the firm's competitive moat against traditional online travel agencies.

Risks and Downside

1. Idiosyncratic Regulatory Risk: China & Global

The SAMR probe remains the dominant near-term risk, with potential fines reaching 10% of revenue (up to USD 700 million) and the risk of a "forced commission correction" that could permanently lower take rates by 100-200 basis points. Globally, Trip.com now faces the burden of the EU's Digital Services Act (DSA) and Digital Markets Act (DMA), which impose strict limits on data utilisation and AI transparency, potentially hindering its personalised recommendation engine

2. Global Loyalty & Retention Wars

Western rivals are aggressively penetrating the Asia-Pacific market. Expedia's "One Key" (168 million members) and Booking's "Genius" programs increasingly offer superior global incentives to capture high-spending Chinese outbound travellers. If Trip.com's "mindshare moat" is eroded by these global loyalty schemes, its customer acquisition costs (already rising 23.6% in Q3 2025) could spike further, squeezing long-term margins.

3. Supply-Side Squeeze: Global Hotel Titans

Global hotel giants like Marriott and Hilton, with over 180 million loyalty members each, are aggressively pushing direct-booking channels. By offering "loyalty-only" rates to undercut OTAs, these suppliers could force a permanent reduction in Trip.com's 25% take rate for high-star hotels, which serves as the company's primary profit engine.

Financial Statement Model for Trip.com

$ mm except per share

Company name	Trip.com Group
Ticker	9961
Share price as of last close	$481.80
Latest closing share price date	30/1/2026
Latest fiscal year end date	31/12/2024
Circuit breaker:	OFF

x **INCOME STATEMENT**

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*31/12/22*	*31/12/23*	*31/12/24*	*31/12/25*	*31/12/26*	*31/12/27*	*31/12/28*	*31/12/29*
Revenue	20,039	44,510	53,294	52,000	51,070	50,084	49,519	49,416
Cost of sales (enter as -)	-4,513	-8,121	-9,990	-33,020	-32,429	-31,803	-31,445	-31,379
Gross Profit	**15,526**	**36,389**	**43,304**	**18,980**	**18,640**	**18,281**	**18,075**	**18,037**
Product development (enter as -)	-8,341	-12,120	-13,139	-1,716	-1,685	-1,653	-1,634	-1,631
Sales Marketing (enter as -)	-4,250	-9,202	-11,902	-3,640	-3,575	-3,506	-3,466	-3,459
General & Administrative (enter as -)	-2,847	-3,743	-4,086					
Operating profit (EBIT)	**88**	**11,324**	**14,177**	**13,624**	**13,380**	**13,122**	**12,974**	**12,947**
Interest income	2,046	2,090	2,341	2,450	2,400	2,250	2,100	1,900
Interest expense (enter as -)	-1,514	-2,067	-1,735	-1,750	-1,720	-1,720	-1,720	-860
Other expense (enter as -)	2,015	-667	2,220	2,220	2,220	2,220	2,220	2,220
Pretax profit	**2,635**	**10,680**	**17,003**	**16,544**	**16,280**	**15,872**	**15,574**	**16,207**
Taxes (enter expense as -)	-682	-1,750	-2,604	-4,351	-4,233	-4,127	-4,049	-4,214
Equity in (loss)	-586	1,072	2,828					
Net income	**1,367**	**10,002**	**17,227**	**12,193**	**12,047**	**11,745**	**11,525**	**11,993**
Basic shares outstanding	648	653	654	655	657	658	660	663
Impact of dilutive securities	0	18	35	35	35	35	35	35
Diluted shares outstanding	657	671	689	690	691	693	695	697
Basic EPS	$2.11	$15.32	$26.34	$18.62	$18.35	$17.84	$17.46	$18.10
Diluted EPS	**$2.08**	**$14.90**	**$25.01**	**$17.68**	**$17.43**	**$16.95**	**$16.58**	**$17.20**

<u>Growth rates & margins</u>

Revenue growth	NA	122.1%	19.7%	(2.4%)	(1.8%)	(1.9%)	(1.1%)	(0.2%)
Gross profit as % of sales	77.5%	81.8%	81.3%	36.5%	36.5%	36.5%	36.5%	36.5%
Product Development margin	41.6%	27.2%	24.7%	3.3%	3.3%	3.3%	3.3%	3.3%
SG&A margin	21.2%	20.7%	22.3%	7.0%	7.0%	7.0%	7.0%	7.0%
Tax rate	25.9%	16.4%	15.3%	26.3%	26.0%	26.0%	26.0%	26.0%

<u>EBITDA reconciliation</u>

Depreciation & amortization	1,291	1,052	1,107	3,582	3,593	3,655	3,765	3,927
Stock based compensation	1,188	1,834	2,042	2,686	2,638	2,587	2,558	2,553
EBITDA	**2,567**	**14,210**	**17,326**	**19,892**	**19,612**	**19,364**	**19,297**	**19,426**

SEGMENTS

Fiscal year	**2022A**	**2023A**	**#VALUE!**	**2025P**	**2026P**	**2027P**	**2028P**	**2029P**
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Product								
Accommodation reservation	7,400	17,257	21,612	21,743	21,743	20,874	20,039	19,237
Transportation ticketing	8,253	18,443	20,301	18,701	17,392	16,175	15,043	13,990
Packaged tours	797	3,140	4,336	4,228	3,805	3,805	3,805	3,805
Corporate travel	1,079	2,254	2,502	1,858	1,547	1,315	1,118	950
Others	2,526	3,468	4,626	5,551	6,661	7,994	9,592	11,511
Total	20,055	44,562	53,377	52,081	51,149	50,162	49,596	49,493
% growth		122.2%	19.8%	(2.4%)	(1.8%)	(1.9%)	(1.1%)	(0.2%)

BALANCE SHEET

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Cash & equivalents ST & LT market. securities	94,754	111,486	127,216	79,473	77,512	72,543	65,199	47,319
Accounts receivable	7,234	14,252	15,262					
Deferred tax assets	1,324	2,576	3,254					
Other current assets (inc. non-trade receivables)	10,169	12,749	17,290					
Property, plant & equipment	5,204	5,142	5,053					
Acquired intangible assets (inc. Goodwill)	72,079	71,936	73,674					
Other assets	927	746	832	832	832	832	832	832
Total assets	**191,691**	**218,887**	**242,581**	**80,305**	**78,344**	**73,375**	**66,031**	**48,151**
Accounts payable	7,569	16,459	16,578	6,703	6,713	6,583	6,509	6,495
Other Payable (inc taxes, salary, accrued liability,	20,996	30,095	37,999	6,916	6,486	6,060	5,744	5,436
Short term debt	32,674	25,857	19,433	0	0	0	0	0
Long term debt	13,177	19,099	20,134	20,134	20,134	20,134	20,134	9,434
Other non-current liabilities	4,266	4,621	4,955	5,005	5,054	5,104	5,153	5,203
Total liabilities	**78,682**	**96,131**	**99,099**	**38,758**	**38,387**	**37,881**	**37,540**	**26,568**
Common stock / additional paid in capital	95,202	97,434	101,193	105,739	109,828	114,015	118,323	124,376
Treasury stock	-2,111	-3,728	-5,900	(5,900)	(5,900)	(5,900)	(5,900)	(5,900)
Retained earnings / accumulated deficit	20,135	28,806	45,251	57,444	69,491	81,237	92,761	104,755
Other comprehensive income / (loss)	-943	-328	1,263	1,263	1,263	1,263	1,263	1,263
Other equity interest	0	0	743					
Minority Interest	736	822	932					
Total equity	**113,019**	**123,006**	**143,482**	**158,546**	**174,682**	**190,615**	**206,448**	**224,493**
Balance check	*-10*	*-250*	*0*	*-116,999*	*-134,725*	*-155,121*	*-177,957*	*-202,910*

Ratios

Net debt	-48,903	-66,530	-87,649	-59,339	-57,378	-52,409	-45,065	-37,885
Asset turnover (Revenue / Total assets)	0.10x	0.20x	0.22x	0.65x	0.65x	0.68x	0.75x	1.03x
Net profit margin	6.8%	22.5%	32.3%	23.4%	23.6%	23.5%	23.3%	24.3%
Return on assets (ROA)	0.7%	4.6%	7.1%	15.2%	15.4%	16.0%	17.5%	24.9%
Return on book equity (ROE)	1.2%	8.1%	12.0%	7.7%	6.9%	6.2%	5.6%	5.3%

WORKING CAPITAL

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Accounts receivable								
Beginning of period				15,262	3,900	3,881	3,806	3,763
Increases / (decreases)				-11,362	-19	-75	-43	-8
End of period	7,234	14,252	15,262	3,900	3,881	3,806	3,763	3,756
AR as % of sales	36.1%	32.0%	28.6%	7.5%	7.6%	7.6%	7.6%	7.6%
Days sales outstanding (DSO)	132 days	117 days	105 days	27 days	28 days	28 days	28 days	28 days
Inventory								
Beginning of period				0	528	519	509	503
Increases / (decreases)				528	-9	-10	-6	-1
End of period	**$0.0**	0	0	528	519	509	503	502
Inventory as % of COGS		0.0%	0.0%	1.6%	1.6%	1.6%	1.6%	1.6%
Inventory turnover		#DIV/0!	#DIV/0!	62.5x	62.5x	62.5x	62.5x	62.5x
Accounts payable								
Beginning of period				16,578	6,703	6,713	6,583	6,509
Increases / (decreases)				-9,875	10	-130	-74	-14
End of period	**$7,569.0**	**$16,459.0**	**$16,578.0**	6,703	6,713	6,583	6,509	6,495
AP as % of COGS	167.7%	202.7%	165.9%	20.3%	20.7%	20.7%	20.7%	20.7%
Days payables outstanding (DPO)	612 days	740 days	606 days	74 days	76 days	76 days	76 days	76 days
Accrued expenses & def revenues								
Beginning of period				37,999	6,916	6,486	6,060	5,744
Increases / (decreases)				-31,083	-430	-426	-316	-309
End of period	20,996	30,095	37,999	6,916	6,486	6,060	5,744	5,436

INTANGIBLE ASSETS (INC. GOODWILL)

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Beginning of period				73,674	88,663	106,429	126,921	149,816
Plus: Purchases of intangible assets				17,920	20,720	23,520	26,040	28,280
Less: Amortization				-2,931	-2,954	-3,028	-3,145	-3,308
End of period	72,079	71,936	73,674	88,663	106,429	126,921	149,816	174,788
Purchases of intangible assets (enter as +)	15,218	15,216	15,609	17,920	20,720	23,520	26,040	28,280
Amortization (enter as -)	-2,476	-2,652	-2,846	-2,931	-2,954	-3,028	-3,145	-3,308

PROPERTY, PLANT & EQUIPMENT

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Beginning of period				5,053	4,974	4,896	4,820	4,745
Plus: Capital expenditures				572	562	551	545	544
Less: Depreciation				-651	-639	-627	-620	-619
End of period	5,204	5,142	5,053	4,974	4,896	4,820	4,745	4,670
Capex (enter as +)	497	606	591	572	562	551	545	544
Capital expenditures as % of revenue	2.5%	1.4%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Depreciation (enter as -)	-632	-627	-655	-651	-639	-627	-620	-619
Depreciation as a % of capital expenditures	127.2%	103.5%	110.8%	113.8%	113.8%	113.8%	113.8%	113.8%

OTHER ASSETS / LIABILITIES & DEFERRED TAXES

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Other current assets (inc. non-trade receivables)								
Beginning of period				832	832	832	832	832
Increases / (decreases)				0	0	0	0	0
End of period	927	746	832	832	832	832	832	832
Deferred tax assets (DTAs)								
Beginning of period				3,254	3,319	3,384	3,449	3,514
Increases / (decreases)				65	65	65	65	65
End of period	1,324	2,576	3,254	3,319	3,384	3,449	3,514	3,579
Other assets								
Beginning of period				832	832	832	832	832
Increases / (decreases)				0	0	0	0	0
End of period	927	746	832	832	832	832	832	832
Other non current liabilities								
Beginning of period				4,955	5,005	5,054	5,104	5,153
Increases / (decreases)				50	50	50	50	50
End of period	4,266	4,621	4,955	5,005	5,054	5,104	5,153	5,203

CAPITAL STOCK

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Common stock / APIC								
Beginning of period				101,193	105,739	109,828	114,015	118,323
Plus: new share issuances				1,860	1,450	1,600	1,750	3,500
Plus: Stock based compensation				2,686	2,638	2,587	2,558	2,553
End of period	95,202	97,434	101,193	105,739	109,828	114,015	118,323	124,376
New share issuance	1,367	2,233	3,774	1,860	1,450	1,600	1,750	3,500
Stock based compensation	1,188	1,834	2,042	2,686	2,638	2,587	2,558	2,553
SBC as % of all operating expenses	6.9%	6.2%	5.8%	7.0%	7.0%	7.0%	7.0%	7.0%
Treasury stock								
Beginning of period				(5,900)	(5,900)	(5,900)	(5,900)	(5,900)
Less: Stock repurchases				0	0	0	0	0
End of period		-3,728	-5,900	(5,900)	(5,900)	(5,900)	(5,900)	(5,900)

RETAINED EARNINGS & OCI

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Retained earnings								
Beginning of period				45,251	57,444	69,491	81,237	92,761
Plus: Net income				12,193	12,047	11,745	11,525	11,993
Less: Common dividends				0	0	0	0	0
End of period		28,806	45,251	57,444	69,491	81,237	92,761	104,755
Net income	1,367	10,002	17,227	12,193	12,047	11,745	11,525	11,993
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Common dividends	0	0	0	0	0	0	0	0
Other comprehensive income / (loss)								
Beginning of period				1,263	1,263	1,263	1,263	1,263
Plus: Income / (loss)				0	0	0	0	0
End of period		-328	1,263	1,263	1,263	1,263	1,263	1,263

CASH FLOW STATEMENT

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Net income				12,193	12,047	11,745	11,525	11,993
Depreciation and amortization				3,582	3,593	3,655	3,765	3,927
Stock based compensation				2,686	2,638	2,587	2,558	2,553
Accounts receivable				11,362	19	75	43	8
Inventory				-528	9	10	6	1
Accounts payable				-9,875	10	-130	-74	-14
Accrued expenses & def revenues				-31,083	-430	-426	-316	-309
Other current assets (inc. non-trade receivables)				0	0	0	0	0
Deferred tax assets (DTAs)				-65	-65	-65	-65	-65
Other assets				0	0	0	0	0
Other non current liabilities				50	50	50	50	50
Non-cash (PIK) interest				0	0	0	0	0
Cash from operating activities				**-11,678**	**17,871**	**17,502**	**17,491**	**18,144**
Capital expenditures				-572	-562	-551	-545	-544
Purchases of intangible assets				-17,920	-20,720	-23,520	-26,040	-28,280
Cash from investing activities				**-18,492**	**-21,282**	**-24,071**	**-26,585**	**-28,824**
Long term debt				0	0	0	0	-10,700
Common dividends				0	0	0	0	0
New share issuances				1,860	1,450	1,600	1,750	3,500
Share repurchases				0	0	0	0	0
Other comprehensive income / (loss)				0	0	0	0	0
Revolver				-19,433	0	0	0	0
Cash from financing activities				**-17,573**	**1,450**	**1,600**	**1,750**	**-7,200**
Net change in cash during period				**-47,743**	**-1,961**	**-4,969**	**-7,344**	**-17,880**

MODEL PLUG: REVOLVER & CASH

Fiscal year	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P
Fiscal year end date	*12/31/22*	*12/31/23*	*12/31/24*	*12/31/25*	*12/31/26*	*12/31/27*	*12/31/28*	*12/31/29*
Revolver								
Beginning of period				19,433	0	0	0	0
Increases / (decreases)				-19,433	0	0	0	0
End of period		25,857	19,433	0	0	0	0	0
Revolver needs analysis								
Beginning of period				127,216	79,473	77,512	72,543	65,199
Less: Minimum cash desired				5,000	5,000	5,000	5,000	5,000
Equals: Excess cash at BOP				122,216	74,473	72,512	67,543	60,199
Plus: Free cash flows generated during period				-28,310	-1,961	-4,969	-7,344	-17,880
Equals: Cash available (needed) to paydown (draw from) revolver				93,906	72,512	67,543	60,199	42,319
Interest rate on revolver				2%	2%	2%	2%	2%
Interest expense				194	0	0	0	0

DCF

When cash flows are the same in each period	
Cash flows	20,439.0
t (periods)	5
r (discount rate)	13%
Present value	**71,888.7**

When cash flows are not the same in each period					
Period (t)	**1**	**2**	**3**	**4**	**5**
Cash flows					
Discount rate (r)					
Present value	0.0	0.0	0.0	0.0	0.0
Sum of present values	**0.0**				

Trip Unlevered Free Cash Flows

Period (t)		**2024A**	**2025P**	**2026P**	**2027P**	**2028P**	**2029P**
EBITDA		19,845	**21,830**	**24,012**	**26,414**	**29,055**	**31,961**
EBIT		18,738	20,667	22,792	25,132	27,709	30,548
Tax rate		15%	15%	15%	15%	15%	15%
EBIT (1-t)		15,927	17,567	19,373	21,362	23,553	25,966
D&A		1,107	1,162	1,220	1,281	1,346	1,413
NWC		38,110	41,921	46,113	50,724	55,797	61,377
Capital expenditures		591	618	645	674	705	736
Unlevered free cash flows (UFCF)		**55,735**	**61,268**	**67,352**	**74,043**	**81,400**	**89,491**
Discount rate (r)			8%	8%	8%	8%	8%
PV of UFCFs			56,994	58,282	59,601	60,953	62,336
Stage 1: Sum of present values		**298,166**	18.9%				

Terminal value - growth in perpetuity approach			
Long term growth rate		3%	
2024 FCF x (1+g)		91,729	
Terminal value in 2024		1,834,575	
Stage 2: PV of TV		**1,277,889**	81.1%
Enterprise value (stage 1 + 2)		**1,576,054**	

Terminal value - EBITDA multiple approach			
EBITDA multiple			11.5x
Terminal value in 2022			367,547
Stage 2: PV of TV			**256,018**
Enterprise value (stage 1 + 2)			**554,183**

Net debt		
Data as of:		**31/12/2024**
Commercial paper		0
Current portion of long term debt		6
Long term debt		20,134
Gross debt		20,140
Cash and equivalents		51,093
Short term marketable securities		28,475
Long term marketable securities		47,194
Nonoperating assets		126,762
Net debt		**(106,622.0)**

Shares outstanding			
Basic shares outstanding			654.035399
Effect of dilutive securities			688.704882
Dilutive shares outstanding			**1,343**

Equity value			
		Perpetuity approach	EBITDA approach
Equity value		**$1,094.35**	**$492.13**