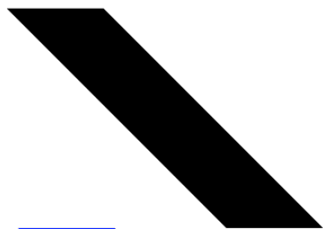
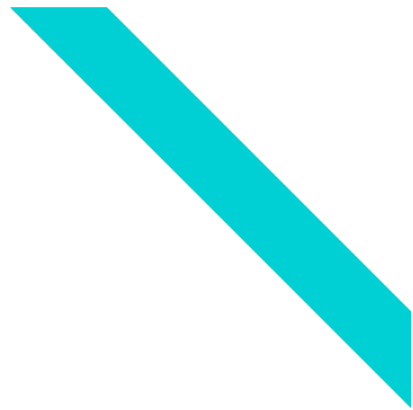


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- **Xiaofan Wang** *Trip.com Group Ltd - Chief Financial Officer, Executive Vice President*

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- **Alex Poon** *Morgan Stanley - Analyst*
- **Thomas Chong** *Jefferies Hong Kong Limited - Analyst*
- **Brian Gong** *Citi - Analyst*
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- **Parash Jain** *HSBC Securities Ltd. - Analyst*

PRESENTATION

Operator

(technical difficulty) (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Michelle Qi, Senior IR Director. Please go ahead.

Michelle Qi *Trip.com Group Ltd - Senior IR Director*

Thank you, Maggie. Good morning, and welcome to Trip.com Group's second-quarter of 2024 earnings conference Call. Joining me today on the call are Mr. James Liang, Executive Chairman of the Board; Ms. Jane Sun, Chief Executive Officer; and Ms. Cindy Wang, Chief Financial Officer.

During this call, we will discuss our future outlook and performance, which are forward-looking statements made under the Safe Harbor provision of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements involve inherent risks and uncertainties. As such, our results may be materially different from the views expressed today.

A number of potential risks and uncertainties are outlined in Trip.com Group's public filings with the Securities and Exchange Commission. Trip.com Group does not undertake any obligation to update any forward-looking statements, except as required under applicable law. James,

Jane, and Cindy will share our strategy and business updates, operating highlights and financial performance for the second quarter of 2024, as well as outlook for the third quarter of 2024. After the prepared remarks, we will have a Q&A session. With that, I will turn the call over to James. James, please.

Jianzhang Liang *Trip.com Group Ltd - Co-founder, Executive Chairman of the Board*

Thank you, Michelle. And thanks, everyone, for joining us on this call today. Before we proceed further, I would like to highlight that today marks a significant step towards innovation in our approach. In a departure from traditional presentations, we are leveraging AI to facilitate our discussion. Through my digital twins, I am pleased to present to you, one, the latest travel trends and developments in the market; and two, our AI innovations and the business progress we have made so far.

Building on the momentum from a robust first quarter, we are delighted to report continued growth across all segments in the second quarter, especially for cross-border travel. For the second quarter, outbound travel remained popular and continued to drive growth in the travel market with strong interest in popular APAC destinations like Japan and Thailand. Major international events such as the European Soccer Cup and the Olympics have also attracted a diverse array of travelers to Europe, extending travel distances and enriching cultural experiences.

Interestingly, our AI-powered TripTrends data reveals that the introduction of new flight routes can significantly increase travelers' interest in those specific destinations. Over the past three months, we have observed that new flight routes have doubled or more than doubled search volumes for the corresponding destinations.

Simultaneously, inbound travel to China has seen remarkable growth in the first half of 2024 with a 150% year-on-year increase. Notably, visitors from visa-free countries have surged by an impressive 190% over the same period.

As international travelers explore the diverse landscape of China, and Chinese travelers venture to overseas destinations, the demand for tailored inspirations and personalized recommendations is growing. Common questions about must-do activities, must-try bites, and must-visit attractions highlight the need for reliable guidance.

We strive to leverage AI to provide users with fresh and trendy options, empowering them to plan less and travel more. Powered by large language models, we can analyze vast amounts of data to understand individual preferences, respond to contingencies with adaptive recommendations, and deliver customized itineraries that resonate with each traveler's unique interest.

In June, we unveiled our AI-powered 2024 Trip.Best Global and Asia 100 lists which are based on real user reviews and year-round sales popularity. These lists enable travelers to select the best experiences a destination has to offer, including not only hotels and attractions, but also lifestyle choices such as restaurants and night life.

Furthermore, our TripTrends list track the hottest travel topics and events, revealing the latest travel trends based on user searches. These trends indicate that more individuals are now directing their discretionary income towards enriching travel experiences and premium services.

For example, according to TripTrends, the Ancient Egyptian exhibition in Shanghai has been China's top attraction for the past three months. Adding a playful twist to the experience, we introduced a unique "Visit With Your Cats" ticket, available exclusively on our platform, allowing visitors to bring their feline friends to see the cat mummies.

By making trip planning easier and more enjoyable, we enhance customer satisfaction, foster loyalty, and encourage repeat visits. These improvements ultimately drive growth and innovation within the travel industry.

In conclusion, travel demand remains resilient as the enduring human desire to explore makes travel a lifelong pursuit for many. As we look to the future, AI stands ready to revolutionize the travel industry, offering unparalleled opportunities to inspire new journeys, enhance user experiences, and boost operational efficiency.

We are committed to harnessing the power of AI and unlocking its full potential, ensuring we deliver exceptional value and continuous innovation to meet the evolving needs of our customers. With that, I will turn the call over to Jane for operational highlights.

Jie Sun Trip.com Group Ltd - Chief Executive Officer, Director

Thank you, James. Good morning, everyone. Like James, I am also excited to introduce my digital self as we explore a new way of delivering our insight. By employing AI to guide this segment of the presentation, I will be showcasing key operational highlights and performance metrics across our various market segments.

As a quick overview, our net revenue in Q2 grew by 14% year-over-year. Our adjusted EBITDA margin for this quarter was 35%.

Over the past quarter, our hotel reservations by Chinese travelers have surged by around 20% year-over-year, reflecting this enduring interest. We are pleased to see that travel consumption in China remains resilient and the travel market continues to show robust growth following a strong start in 2024.

Outbound travel continues to be a significant driver of market growth with international flight capacity restored to about 75% of the pre-pandemic level. During the quarter, our outbound hotel and air ticket bookings recovered to 100% compared to 2019 levels, continuing to outpace the industry average by an impressive 20% to 30%.

Remarkably, bookings surged to more than 120% of 2019 levels during the May Labor Day holiday and over 110% during Dragon Boat Festival. The APAC region remains the top choice for Chinese travelers, with visa-free destinations such as Singapore, Thailand, and Malaysia seeing a strong resurgence.

In Northeast Asia, a favorable exchange rate has made Japan an even more attractive destination. Korea has also experienced a notable increase in bookings.

Long-haul destinations are also gaining popularity. Improved visa processing and international events such as the Euro Cup and the Olympics have further fueled this trend, leading to a year-over-year increase of over 100% in travel to France and Europe during the summer. The expanding travel radius of Chinese travelers indicates their eagerness to explore distant destinations, highlighting a shift towards higher travel expenditures.

In addition to the increasing popularity of outbound travel, the enthusiasm for exploring destinations within China remains strong. To meet the changing preferences of travelers and support our hotel partners, Trip.com Group is continually innovating. We collaborate closely with hotel partners to explore innovative use cases and offer targeted products and services such as enticing hotel packages and Old Friends Club promotion deals to gain traction to different customer cohorts.

Interestingly, more travelers are now seeking out hidden gems in lesser-known Tier 2 and 3 cities. To foster this trend, we have teamed up with 27 cities to boost local tourism. Cities like Quanzhou, Zibo, Luoyang, and Anshan has seen impressive growth rates with traveler numbers doubling or even tripling year-over-year.

Additionally, we are collaborating with 22 local airports to form a marketing alliance aimed at enhancing connectivity between regional and mainland life. This initiative not only makes travel more convenient but also enhances the appeal of these destinations, driving economic growth in these regions.

On the international front, our international OTA platform has also experienced significant growth with revenue soaring by around 70%. This includes a notable 76% increase in revenue from the APAC region.

As we continue to focus on our mobile-first strategy, currently more than 65% of transactions on our international OTA platform are conducted through mobile platform. In Asia, this figure climbs even higher to around 75%.

Building on our success in the APAC region, we are also witnessing an increase from global travelers in visiting China. This heightened interest has led to remarkable growth in our inbound travel segment with a nearly 200% surge in bookings in the first half of 2024 compared to the same period last year.

Inbound travel now accounts for more than 25% of our international OTA platforms revenue, up from the teens level prior to COVID. Particularly, bookings from countries with visa-free entry to China are growing at the fastest rate. While Beijing, Shanghai, Guangzhou, and Shenzhen remain popular destinations, foreign visitors are increasingly exploring cities such as Zhangjiajie, Xi'an, Chengdu, and Harbin.

China has facilitated travel by establishing mutual visa-free agreements with 23 countries in implementing a unilateral visa-free policy for citizens from 15 countries in Europe and Oceania. Additionally, citizens from 54 countries can benefit from a 72/144-hour visa-free transit policy when entering China.

These policies allow international travelers to take a closer look and experience China firsthand. We are glad that China continues to address entry challenges for foreign visitors and look forward to growing inbound business with industry partners.

As we continue to expand our conventional business segment, we are thrilled to announce the performance of our “Old Friends Club”, which was launched just last quarter to cater to the 50-and-above silver generation. Year to date, these senior users had spent more than RMB 1.6 billion on our platform. This achievement comes at a time when the travel preferences of senior travelers have evolved notably over the past year.

In 2023, group tours were the go-to choice for many seniors. However, 2024 has seen a shift towards customized tours, as seniors increasingly seek quality and novelty in their travel experiences.

To meet these demands, Old Friends Club offers 700 exclusive products across 40 destinations and collaborates with 1,600 hotels to provide over 4,000 tailored hotel options. Additionally, we introduced the “Family Card” feature. This allows younger, tech-savvy family members to use their own phones to assist elderly relatives in planning trips and completing travel bookings, thereby making travel easier for seniors.

With China's economy on the rise, the silver generation is no longer synonymous with budget travel. Instead, they are increasingly drawn to mid-to-high-end travel experiences, seeking higher quality and more unique offerings. We see significant potential for future business growth within this demographic and are committed to catering to their evolving preferences to enhance their travel experiences.

In addition to developing initiatives tailored to the senior population, we also recognize the rising popularity of “entertainment + travel” products among the younger generation. This innovative approach has proven highly effective, with the GMV of these products increasing by more than 70% year-over-year, reflecting users' clear intent and the trust they place in our brand.

With this new type of product added to our arsenal, it also serves as an important tool for driving user acquisition. Additionally, to further expand our reach and cater to a global audience, we have rolled out these products on our international platform in six major Asian markets. This strategic move ensures that we can attract and engage young travelers from diverse background, reinforcing our commitment to innovation and customer satisfaction.

At Trip.com Group, we prioritize not only business development but also social responsibility and industry sustainability. This commitment to these values has significantly improved our MSCI rating, elevating it by two levels from BB to A.

To further reduce greenhouse gas emissions, we offer electric vehicle options for car rentals and actively promote their utilization among our users. Additionally, we encourage our hotel partners to install solar panels to harness renewable energy. Our flexible work-from-home options also contribute to reducing carbon emission and enhancing employee satisfaction.

In summary, travel consumption in China continues to demonstrate remarkable resilience, with robust demand across various segments. The positive market outlook instills a sense of optimism and drives our enthusiasm for the new initiatives we have introduced. By collaborating closely with our dedicated partners, we are poised to achieve even greater success. With that, I will now turn the call over to Cindy.

Xiaofan Wang *Trip.com Group Ltd - Chief Financial Officer, Executive Vice President*

Thanks, Jane. Good morning, everyone. For the second quarter of 2024, Trip.com Group reported a net revenue of RMB 12.8 billion, representing a 14% increase from the same period last year and a 7% increase from the previous quarter, primarily due to strong recovery in the travel market. Accommodation reservation revenue for the second quarter was RMB 5.1 billion, representing a 20% increase year-over-year and a 14% increase quarter-over-quarter.

Outbound hotel bookings have fully recovered to the 2019 level. Domestic hotel bookings have also seen robust growth and outpaced the industry despite a tough comparison basis.

Transportation ticketing revenue for the second quarter was RMB 4.9 billion, representing a 1% increase year-over-year and a 3% decrease quarter-over-quarter. Outbound air ticket bookings have fully recovered to the 2019 level, with our domestic air business outpacing the market and global air business experiencing robust growth.

Packaged tour revenue for the second quarter was RMB 1.0 billion, representing a 42% increase year-over-year and a 16% increase quarter-over-quarter. Domestic packaged tour has already surpassed 2019 level and continue to show robust growth. The year-over-year growth was mainly driven by outbound packaged tour, which has increased by multifold.

Corporate travel revenue for the second quarter was RMB 633 million, representing an 8% increase year-over-year and a 24% increase quarter-over-quarter. This was primarily due to more companies choosing to adopt managed corporate travel services.

Excluding share-based compensation charges, adjusted product development expenses for the second quarter decreased by 2% year-over-year. Adjusted general and administrative expenses for the second quarter increased by 6% year-over-year, mainly due to increase in personnel-related expenses.

Adjusted sales and marketing expenses for the second quarter increased by 22% from the previous quarter and increased by 20% from the same period last year. The increase was primarily due to increased marketing promotion activities to drive business growth, particularly for our international OTA platform.

Adjusted EBITDA was RMB 4.4 billion for the second quarter compared with RMB 3.7 billion in the same period last year and RMB 4.0 billion in the previous quarter. Adjusted EBITDA margin was 35% for the second quarter compared with 33% in the same period last year.

And in the previous quarter, diluted earnings per ordinary share and per ADS were RMB 5.57 or USD 0.77 for the second quarter of 2024. Excluding share-based compensation charges and fair value changes of equity securities investments and exchangeable senior notes, non-GAAP diluted earnings per ordinary share and per ADS was RMB 7.25 or USD 1 for the second quarter.

As of June 30, 2024, the balance of cash and cash equivalents, restricted cash, short-term investment, held-to-maturity time deposit, and financial products was RMB 99.0 billion or USD 13.6 billion. In conclusion, we are pleased to see that travel demand remains strong and that our company continues to perform well even with a tough comparison basis.

As we look ahead, we are confident that 2024 will be another great year for travel. We are dedicated to carrying out our strategic plans, which sets us up for continued growth and success. With that, operator, please open the line for questions.

QUESTIONS AND ANSWERS

Operator

Could you explain why you chose to use digital humans for this earnings call and provide more details on Trip.com Group's adoption of AI technology?

Jianzhang Liang *Trip.com Group Ltd - Co-founder, Executive Chairman of the Board*

We chose to use digital humans for this earnings call to underscore our commitment to innovation and our dedication to leveraging transformative technology that has the potential to revolutionize the industry. By incorporating these virtual agents, we not only make our communication more engaging and captivating but also highlight our forward-thinking approach.

This choice hints at exciting future applications, such as in livestreaming shows and other scenarios, demonstrating the versatility and transformative potential of digital human technology. On our platforms, we have already employed virtual agents like virtual James to introduce popular destinations such as Shanghai and Xi'an.

In addition to the general use of generative AI in customer service, Copilot in software engineering, and the virtual agents you've seen, we have integrated several other AI-powered tools to enhance user experience on our mobile platforms. These include Trip.Best, which offers tailored recommendations for top accommodations, dining options, and activities around the world; TripTrends, which showcase trending events and provides inspiration for users seeking new experiences; Trip.Genie, which helps travelers in planning their itineraries with real-time insights, personalized suggestions, and customizable options.

Overall, the adoption of AI technology at Trip.com Group demonstrates our commitment to enhancing both operational efficiency and customer experience. By integrating AI across various touch points, we are able to provide more personalized, consistent, and scalable interactions, ultimately driving innovation and delivering greater value to our customers.

Operator

(Operator Instructions) Joyce Ju, Bank of America.

Joyce Ju BofA Global Research - Analyst

Good morning, James, Jane, Cindy, and Michelle. Thanks for taking my question. My question is related to the travel demand. Recently, we have seen a clear deceleration trend in China's consumption growth. I'm just wondering if management has observed a similar trend in the travel spending? Any colors on individual or business travel spending behaviors will be great. Have you seen any companies tighten their travel budgets and how does this will actually affect Trip.com's business? Thanks a lot.

Jie Sun Trip.com Group Ltd - Chief Executive Officer, Director

Thanks, Joyce, for your question. What we have seen is that, the GMV per traveler on our platform remain quite consistent from last year. So the buying power still hold quite consistent with last year.

Secondly, a lot of our customers are getting their visas to traveling -- to travel around the world. So part of the increase in the price overseas offset, partially, on the ADR pressure, so we have seen quite a steady increase.

And thirdly, from the search volume, we realized that customers interest to explore domestically, as well as internationally, are very high. So we believe travel in the long run still is a robust industry. We just need to work very hard to provide the best product and service to our customers. Thank you.

Joyce Ju BofA Global Research - Analyst

Many thanks.

Operator

Alex Poon, Morgan Stanley.

Alex Poon Morgan Stanley - Analyst

Hello, James, Jane, Cindy, Michelle, and our new AI friends. I hope you had a great summer vacation. Speaking of summer holiday, could you provide more details about our travel bookings in the summer and also the outlook for second half of the year? Thank you very much.

Xiaofan Wang Trip.com Group Ltd - Chief Financial Officer, Executive Vice President

Sure. The quarter -- with regard to the summer performance quarter to date, our China business has maintained robust momentum with outbound travel driving the growth. Outbound air and hotel reservations have exceeded, reaching 110% to 120% of the 2019 levels, consistently outperforming the market by 20% to 30%.

Domestic hotel reservations have shown double-digit, year-on-year growth despite a challenging comparison to the same period last year. With regard to the overseas platform, Trip.com has maintained robust growth in the mid- to high-end, double-digit percentage range.

With regard to the forecast for the second half, despite we always have very limited visibility due to the short booking windows in China. We expect the travel activities in the second half to generally follow normal seasonal patterns.

Year-over-year comparison will be more favorable after the National Day holiday due to a relatively easier comp in the last year. In the global market, we anticipate Trip.com to continue its robust growth with Skyscanner and other overseas brands also expected to maintain a healthy growth trajectory. Thank you.

Alex Poon Morgan Stanley - Analyst

Thank you.

Operator

Thomas Chong, Jefferies.

Thomas Chong Jefferies Hong Kong Limited - Analyst

Hi, good morning. Thanks, management, for the question, and a solid set of result. Could you provide more details about the domestic ADR trend during the summer? What factors have contributed to the softness in price? And how does that impact your business performance and how do you expect prices to move in the future? Thank you.

Xiaofan Wang Trip.com Group Ltd - Chief Financial Officer, Executive Vice President

Thank you so much. Although our domestic hotel ADR and average airfares decreased on a year-over-year basis, sequentially, the summer prices have improved slightly as we enter the stronger season. The increase in hotel and air supply has put pressure on short-term prices, particularly when compared to the high benchmark set during last year's peak seasons.

For instance, a number of listed hotel inventories on our platform has increased by about 20% year-over-year. And additionally, outbound travel has significant increase this year, drawing mid-to-high-end travelers away from only domestic options.

And the decrease of hotel ADR and average air ticket price have partially offsetting our very strong volume growth. However, in the longer-term period, as a platform, the increase in overall supply will benefit us especially in the longer-term period.

With regard to the outlook, we expected the ADR pressure to ease somewhat, maybe in the Q4 this year, and to generally follow the normal seasonality in the future. While in the longer term, as I said, we believe that the expansion and diversification of travel supply will significantly contribute to the overall growth and stability of the travel business. Thank you.

Thomas Chong Jefferies Hong Kong Limited - Analyst

Thank you.

Operator

Brian Gong, Citi.

Brian Gong Citi - Analyst

Morning, James, Jane, Cindy, and Michelle. Thanks for taking the question and then, congratulations on solid results. So my question is regarding outbound. Our outbound recovered decently in the second quarter. And could you please provide more details about the recovery pace of outbound during the summer break and also the outlook for the second half of this year? And what are the latest price trends? Thank you.

Xiaofan Wang Trip.com Group Ltd - Chief Financial Officer, Executive Vice President

Thank you. The total outbound flight capacity has recovered to nearly 80% of the 2019's level during the summer with Chinese airlines showing even higher recovery rates. We anticipate that the flight capacity will remain stable over the next couple of months based on last year's patterns. And we also expect a continuous improvement in the international travel offerings in the coming years. With regard to the pricing, during the summer, average outbound airfares are still 5% to 10% above the pre-COVID levels and

slightly increased quarter-over-quarter. Thank you.

Brian Gong Citi - Analyst

Thank you.

Operator

Alex Yao, JPMorgan.

Alex Yao JPMorgan - Analyst

Good morning, management. Thank you for taking my question. And welcome to the AI friends to join this investment community, and I sincerely hope AI will become a powerful driver to the comp's long-term growth.

Xiaofan Wang Trip.com Group Ltd - Chief Financial Officer, Executive Vice President

Thank you.

Alex Yao JPMorgan - Analyst

So coming back to the question, can you provide more details on Trip.com's performance in Q2, including a breakdown by market and the product lines? Additionally, could you elaborate on Trip.com's margin trend? Thank you.

Xiaofan Wang Trip.com Group Ltd - Chief Financial Officer, Executive Vice President

Thank you, Alex. Trip.com achieved a robust revenue growth of approximately 70% in the second quarter, contributing roughly about 10.5% to the group's total revenue. The APAC region accounted for over 70% of Trip.com's total revenue and showed the strongest growth among all regions, increasing by 76% year-over-year. Cross-selling transportation to hotels continue to rise with hotel-related revenue accounted for 35% to 40% of Trip.com's total revenue in the second quarter.

Mobile is also another contributor. Mobile contributed -- significantly increased with 65% to 70% of orders placed through Trip.com's mobile apps globally. And in the APAC region, mobile contribute over 75%.

With regard to the Trip's.com margin, as mentioned in the previous quarter, the Trip.com brand will continue to prioritize growth while closely monitor the ROI in each of the market. But yeah, given the ample growth opportunity in the international market, we will continuously to invest in this brand. Thank you.

Alex Yao JPMorgan - Analyst

Thank you.

Operator

Wei Xiong, UBS.

Wei Xiong UBS Securities Asia Ltd - Analyst

Thank you. Good morning, James, Jane, Cindy, and Michelle. Thank you for taking my question and congratulations on the very solid results. I want to follow up on our international business. So our international business has achieved another quarter of very solid growth. Could the management share if you have observed any increased competition in the Asian markets recently, and how does that impact your business? And also could management elaborate what are Trip.com's key competitive advantages against local and global peers in overseas markets? Thank you.

Xiaofan Wang *Trip.com Group Ltd - Chief Financial Officer, Executive Vice President*

Sure. As I said, given the ample growth opportunity, especially in the APAC market for all the travel players, firstly, I think the APAC still is currently the fastest growth region in the whole world. And secondly, the online penetration rate in this region is still relatively low, but there is a rapid shift from offline to online, as well as the mobile platform, which will benefit all the online players in this industry.

Trip.com aims to provide one-stop travel services, including not only the transportation but also accommodations, activities, and many more, primarily through our mobile apps. This approach offers travelers a unique and convenient experiences that would differentiate Trip.com from other players.

We will also continue to focus on the product innovation, as well as the service qualities, to enhance the user experiences while making a necessary investment to increase our brand recognition in the relevant market. So far, we are very pleased with our strategy and execution.

With regard to the differentiation or the selling point for the Trip.com business, firstly, we are one-stop shopping center in the travel industry. And secondly, we grow our business mainly through the mobile channels. And we already see very successful and high-percentage contribution from the mobile channels, which will help us to have a strong leverage, especially on the sales, marketing expenses in the longer-term period. And lastly, but not least, we are aiming to provide the best services in the travel industry to serve the local customers. Thank you.

Operator

Simon Cheung, Goldman Sachs.

Simon Cheung *Goldman Sachs L.L.C. - Analyst*

Hi, management, thanks for taking my question. Just one quick question in relation to the margins, can't help to see that your margin continued to trend quite well. And in this particular quarter, it seems like your product development, as a percent of revenue, actually fallen quite sharply.

Now that you're obviously going to be investing a bit more on the AI, can you perhaps help us to understand and quantify what sort of investment you're going to be spending? And correspondingly, the second quarter -- second half, what sort of margin trend we should anticipate? Thanks a lot.

Xiaofan Wang *Trip.com Group Ltd - Chief Financial Officer, Executive Vice President*

Sure. Thank you. Generally, we expect our margin to follow the typical seasonal pattern. Q3 usually see the highest margin slightly above the Q2 levels, while the Q4 normally is the slowest season of the year. You may notice that we've increased or we invested in sales and marketing expenses in the Q2, which was in line with our expectations and consistent with our previous communications.

Due to the seasonality and shift in our revenue mix, we expect that the marketing expenses ratio to slightly increase in the upcoming quarters. However, it will still demonstrate significant efficiency gains compared with our pre-COVID levels. In the longer-term period, we expect it to enhance our marketing efficiencies across markets by prioritize direct traffic and cross-selling, as I said.

And over the next -- with regard to the general margin trends, over the next few years, we anticipate that our China business margin will benefit from the scalability of the business model and a favorable business mix, the revenue mix, particularly in the outbound travel and accommodations. Meanwhile, our overseas operations will remain in the investment as well as the expansion cycle.

The overall group margin will reflect this business mix. While in the very longer-term period, we do not foresee any structural limit for us to achieve the future profit margin, which we're comparable with our international peers. Thank you.

Jiong Shao Barclays Capital Inc. - Analyst

Thank you.

Operator

Jiong Shao, Barclays.

Jiong Shao Barclays Capital Inc. - Analyst

Thank you for taking my question. It's great you are starting to use AI for your earnings call. You also mentioned some of the AI initiatives internally such as -- I think you mentioned Trip.Best and TripTrends. I was wondering if you can elaborate on exactly -- how do those things work from the sort of the operational perspective and also the related business impact from some of these AI initiatives? Thank you.

Xiaofan Wang Trip.com Group Ltd - Chief Financial Officer, Executive Vice President

Sure. Trip.Best and TripTrends are part of our innovative use of AI and are integral to our dynamic content strategy. We aim to drive consumer awareness and provide relevant information that makes trip planning easier and save time for our travelers. And Trip.Best offers curated list that help global travelers select the best experiences in the destinations including not only hotels, attractions, restaurants, as well as nightlife.

To date, the Trip.Best covers more than 190 countries and regions across 14 popular themes. Over 70% of Trip.com users have consulted Trip.Best with more than 80% citing it is helpful.

Travel partners featured in this list have seen significant improvements in traffic and revenue on our platform. TripTrends tracks popular travel topics and events, providing insight into current and future trends. It is tailored to user based in different locations and we have shared some interesting findings in our preprepared remarks.

In addition to these two, we also introduced the AI-powered travel assistant Trip.Genie. Trip.Genie has continued to evolve with new features. For example, in the second quarter, the latest version allows friends to co-edit itineraries, making the trip planning process more convenient and enjoyable. While Trip.Genie is a complex tool with huge room for future improvement, it is already one of the leading travel assistant applications in the industry and we are pleased to observe that interactions with the Trip.Genie positively correlated with user loyalty and cross-selling ratios.

In addition to all these new products that powered by AI, we also continuously to improve our internal tools, for example, the AI-assisted instant message tool, which already significantly improved efficiencies for our call centers and, at the same time, improved the user experiences. So going forward, as James explained, we will continuously to invest in AI and to let AI help us to improve the user experience, and as well as to control and increase operational efficiencies for the company. Thank you.

Jiong Shao Barclays Capital Inc. - Analyst

Thanks, super helpful.

Operator

Ellie Jiang, Macquarie.

Ellie Jiang Macquarie - Analyst

Good morning, management. Thanks for taking my question. I have a question on inbound. So could you elaborate on the opportunities in the China inbound travel market and how do we plan to further capture these market opportunities? Also, in terms of the total revenue contribution, can you also talk about the contribution of inbound travel to the entire Trip.com's brands overall business? Thank you.

Xiaofan Wang Trip.com Group Ltd - Chief Financial Officer, Executive Vice President

Sure. The inbound travel market to China represents a significant opportunity valued at RMB 1trillion level. We are pleased to see China addressing entry challenges for the foreign visitors, such as visa, payment, and Internet access, and we look forward to expanding our inbound business with industry partners.

Trip.com is very well positioned to capitalize on these opportunities. First, our platform offers comprehensive travel information and highly competitive product and services through a convenient one-stop mobile app. And secondly, the rapidly expanding user base reflects the search in inbound travelers to China, attracting new users from key source in that market. Inbound hotel and air reservations on Trip.com platform grew about 200% year-over-year, and inbound travel now contributes over 25% to the Trip.com brand's overall business. Thank you.

Operator

Parash Jain, HSBC.

Parash Jain HSBC Securities Ltd. - Analyst

Thank you for taking my question. Hi, James, Jane, Michelle. I have two if may, and one more strategic. In the past decade, we have seen that management on Trip was pretty active in terms of M&A, both domestic as well as international. Past few years have been washed out by COVID. What's the current dynamics or the opportunities in the M&A space, if you can share? And the second question is, with a steady-state margin profile now and a steady generation of cash flow, how should we think about the capital return policy going forward? Thank you.

Xiaofan Wang Trip.com Group Ltd - Chief Financial Officer, Executive Vice President

Sure. Yeah, we've been actively looking at -- always actively looking at all opportunities in the travel industry in the whole global market. However, I think, thanks to all the investments that we made in the past few years, and we already have the most valuable travel assets in the portfolio in the group. So now, the first priority for us is to maximize the synergies among different brands within the group and grow our business mainly through organic growth.

And second, for the shareholder returns, yes, we -- at the Trip.com Group, we manage our capital with long-term ownership mindset, focusing on four key priorities. The first, investment for the growth, our top priority, as we said in the previous questions. Given we have ample growth opportunity, especially in the global market, our top priority now is still building the sustainable competitive advantages and fostering our business growth.

And secondly, we practice disciplined cost management to achieve higher long-term returns. And certainly, we prudently manage leverage to maintain strategic flexibility and avoid concentrated maturities. And the fourth, the shareholder returns, we aim to provide consistent returns through either in the way of dividends or buybacks while manage our cash strategically. Thank you.

Parash Jain HSBC Securities Ltd. - Analyst

Thank you so much.

Operator

Thank you. Thank you for the questions. This concludes our Q&A session. I will now hand the conference back to Michelle.

Michelle Qi *Trip.com Group Ltd - Senior IR Director*

Thank you. Thanks, everyone, for joining us today. You can find the transcript and webcast of today's call on investors.trip.com. We look forward to speaking with you on our third quarter of 2024 earnings call. Thank you and have a good day.

Jie Sun *Trip.com Group Ltd - Chief Executive Officer, Director*

Thank you.

Xiaofan Wang *Trip.com Group Ltd - Chief Financial Officer, Executive Vice President*

Thank you.

Operator

This concludes today's conference call. Thank you all for participating. You may now disconnect.

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