UOBKayHian

Sector – Update | Greater China

Tuesday, 29 September 2026

Online Travel Agencies

Extended Holiday Window Supports Long-haul And International Travel

Highlights

- We expect solid travel demand during the Mid-Autumn Festival and National Day holidays, supported by the extended travel window driving longer stays, extended travel distances and stronger outbound demand. Booking data from TCOM and TT point to resilient long-haul and international travel, although overall passenger growth remains moderate. We expect OTA companies' growth to be supported by international business expansion and AI-enhanced operating efficiency, partly offset by softer domestic travel demand and regulatory adjustments.
- Maintain MARKET WEIGHT. Top BUY: Trip.com

Analysis

- **Traveller traffic points to solid travel momentum during the Mid-Autumn and upcoming National Day holidays.** According to the Ministry of Transport, total cross-regional passenger traffic is expected to reach around 2.78b trips across the two holidays. During the three-day Mid-Autumn Festival, passenger traffic is forecast at around 650m trips, or 220m per day, around 20% above normal daily levels, while the seven-day National Day holiday is expected to see around 2.13b trips, or 300m per day, as travel demand remains elevated. Passenger traffic is expected to peak at around 340m trips on 1 October. Separately, China State Railway expects 284m railway passenger trips during the 16-day holiday transport period from 23 September-8 October, with 96.21m tickets already sold as of 23 September, reflecting robust travel demand ahead of the holidays.
- **TCOM: Prolonged holiday window supports extended outbound travel.** According to Trip.com Group's (TCOM) released "Golden Week 2026 travel trends" on 20 September, around one in 10 travellers combined the Mid-Autumn Festival and National Day holidays into an extended break, and nearly half of these travellers planned trips of more than eight days. More than half of outbound flight bookings are scheduled to depart before the official National Day holiday begins on 1 October, with average outbound trip duration exceeding nine days. Bookings for hotel stays of seven nights or longer surged 123% yoy, while long-haul flight bookings to gateway cities in Europe, Australia and the US recorded double-digit yoy growth. The extended holiday window is therefore supporting longer-duration and long-haul outbound travel, rather than merely increasing overall trip frequency.
- **Longer holidays are also driving multi-destination and diversified outbound travel.** According to TCOM, bookings for multi-destination itineraries jumped 84% yoy, with Southeast Asia and Europe among the most popular regions for multi-stop journeys, including Singapore-Bali, Hong Kong-Sydney and Amsterdam-Milan. Island and leisure destinations in Asia also saw strong demand, with flight bookings by Chinese travellers to Cebu and Phuket rising 111% and 78% yoy, respectively, while Jeju and Bali ranked among the top outbound destinations. Among younger travellers, New Zealand also gained traction, with flight bookings to Queenstown and Auckland rising 314% and 276% yoy, respectively, reflecting a broader shift towards longer-distance and more diversified travel itineraries.

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MARKET WEIGHT (Maintained)

Segmental Rating

Segment	Rating
E-commerce	MARKET WEIGHT (Maintained)
Online Game	OVERWEIGHT (Maintained)
OTA	OVERWEIGHT (Maintained)
AI	OVERWEIGHT (Maintained)
Online Property Vertical	MARKET WEIGHT (Maintained)
Local Life Service	UNDERWEIGHT (Maintained)
E-commerce	MARKET WEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (HK$)	Target Price (HK$)
Trip.com	9961 HK	BUY	309.20	508.00
Tongcheng Travel	780 HK	BUY	10.20	18.00

Source: Bloomberg, UOB Kay Hian

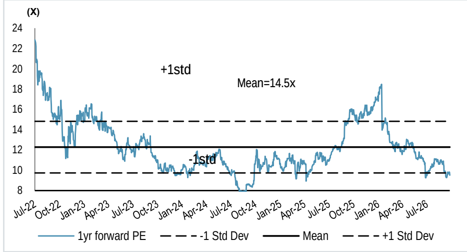
Peer Comparison

Company	Ticker	Rec	Price @	Target	Upside	Market	--- Calendarised PE ---			--Calendarised EV/EBITDA--			----------- ROE -----------			----------- PB -----------		
			25 Sep 26	Price	To TP	Cap	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
			(lcy)	(lcy))	(%)	(lcy m)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(x)	(x)	(x)
Trip.com	9961 HK	BUY	309.20	508.00	64.30	194,705	11.4	9.9	8.8	7.5	6.0	5.3	15.7	8.5	8.7	1.0	0.9	0.8
Tongcheng Travel	780 HK	BUY	10.20	18.00	76.47	24,014	5.9	5.3	4.7	2.4	2.2	2.0	11.0	13.1	13.3	0.8	0.7	0.7

Source: Bloomberg, UOB Kay Hian

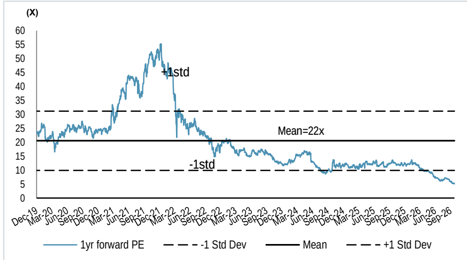
- **Tongcheng Travel (TT): Longer holiday window drives domestic long-haul and extended-stay demand.** On 14 September, TT released its “2026 Mid-Autumn Festival and National Day Travel Trend Forecast”, showing an acceleration in long-distance domestic travel ahead of the holidays. As of 14 September, booking interest for domestic flights of over 1,200km increased 34% yoy, while the share of hotel bookings for stays of five days or longer rose around 7ppt yoy. Long-haul travel products in Southwest and Northwest China also saw booking interest increase over 30% yoy, reflecting travellers’ greater willingness to travel farther and stay longer during the extended holiday window. Meanwhile, county-level travel product bookings grew 42% yoy, with average stays at these destinations extending by 3.2 days yoy, pointing to rising demand for deeper and slower-paced domestic travel.
- **Online travel agencies (OTA): Extended holiday supports long-haul and international travel demand.** We expect the upcoming Mid-Autumn Festival and National Day holidays to support travel demand, with the extended travel window encouraging longer stays and greater travel distances. Recent industry and OTA booking data consistently point to stronger long-haul domestic and outbound travel, with travellers departing earlier, staying longer and increasingly adopting multi-destination itineraries. While overall passenger growth remains relatively moderate, we believe the favourable travel mix should benefit higher-value accommodation, long-haul transportation and international travel products during the holiday period.
- **AI adoption continues to reshape OTA user acquisition and operating efficiency.** Leading OTAs are increasingly deploying AI across travel inspiration, itinerary planning, customer service and transaction conversion. TCOM has expanded AI across product discovery and customer service; despite guiding 3Q26 revenue growth of only 1-6% yoy, non-GAAP operating margin is expected to remain resilient at 31.0-31.5%, supported by better cost control, while management expects broader AI adoption to further improve automation, personalisation and operating efficiency. TT is also upgrading its DeepTrip itinerary planner and testing transaction capabilities through the Weixin AI ecosystem, which could improve user engagement and service efficiency over time.
- **OTA companies’ 2026 growth outlook remains supported by international business expansion despite softer domestic demand:**
  a) TCOM expects 3Q26 revenue to grow 1-6% yoy, weighed by softer domestic travel demand and ongoing regulatory adjustments. Domestic hotel booking volume could remain broadly flat to slightly higher yoy with slightly lower ADR, while domestic transportation revenue is projected to decline 25-30% yoy on weaker ticket volume and lower monetisation. In contrast, TCOM’s international business remains the key growth driver, with revenue growing over 50% yoy in 2Q26. In terms of profitability, TCOM foresees non-GAAP operating margin remaining resilient at 31.0-31.5% in 3Q26, supported by better cost control despite slower top-line growth. Looking ahead, management expects growth pressure to persist into 1H27 before recovering to a teens level in 2H27, mainly driven by continued expansion of TCOM’s international business.
  b) TT guides for a 6-11% yoy growth in core OTA revenue in 2026, underpinned by a 5-10% yoy growth in accommodation reservation revenue, while transportation revenue growth is likely to range from -3% to +3% yoy. Other revenue is expected to increase 32-37% yoy, mainly driven by hotel management, while tourism revenue is forecast to decline 0-5% yoy, bringing overall revenue growth to 5-10% yoy. In terms of profitability, TT expects core OTA operating margin to remain broadly stable, with adjusted net profit of around Rmb3.7b, as personnel cost savings are partly reinvested into marketing. International travel remains a key growth area, with its revenue contribution to hotel and transportation projected to reach around 9% by end-26. For 3Q26, accommodation revenue could grow 3-8% yoy, with international hotel

TCOM 12-Month Forward PE Band



Source; Bloomberg, UOB Kay Hian

TT 12-Month Forward PE Band



Source; Bloomberg, UOB Kay Hian

room nights remaining strong at over 40% yoy despite broadly flat overall room nights.

Valuation/Recommendation

- **Trip.com (9961 HK).** Maintain BUY with an unchanged target price of HK$508.00 (US$65.00). Our target price implies 15.6x 2027F PE, in line with global peers. TCOM is currently trading at 9.5x 2027F PE, below its historical mean of 14.5x.
- **Tongcheng Travel (780 HK).** Maintain BUY with an unchanged target price of HK$18.00, based on 12x 2027F PE from the previous 15.4x and implying 0.8x 2026F PEG. TT currently trades at 6.5x 2027F PE, below its historical mean of 22x.

Sector Catalyst/Risk

- **Catalysts:** a) Further expansion of visa-free policies supporting inbound and outbound travel; b) AI-enhanced operating efficiency, user conversion and margin improvement; and c) sustained growth in international and long-haul travel demand.
- **Risks** include: a) Weaker consumer travel spending, b) softer domestic travel demand and lower hotel ADR/airfare, c) intensifying competition among OTA platforms, and d) regulatory changes and geopolitical conflicts affecting cross-border travel.

Peer Comparison

Company	Ticker	Price @	Market	---Calendarised PE---			--Calendarised EV/EBITDA--			--Calendarised EV/Sales--			------------ ROE ------------			------------ PB ------------		
		25 Sep 26	Cap	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
		(lcy)	(lcy m)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(x)	(x)	(x)
Global online travel players																		
Trip.com Group	9961 HK	309.20	194,705	11.4	9.9	8.8	7.5	6.0	5.3	1.7	1.6	1.4	15.7	8.5	8.7	1.0	0.9	0.8
Tongcheng Travel	780 HK	10.20	24,014	5.9	5.3	4.7	2.4	2.2	2.0	0.6	0.6	0.5	11.0	13.1	13.3	0.8	0.7	0.7
Meituan	3690 HK	71.65	442,473	n.a.	15.8	9.5	32.2	8.9	5.9	0.7	0.7	0.6	-21.7	11.7	17.0	2.4	2.1	1.8
Airbnb Inc	ABNB US	151.39	90,650	28.3	24.1	19.3	16.0	14.1	12.3	5.7	5.1	4.6	34.5	35.7	34.5	9.8	7.6	6.1
Booking Holdings Inc	BKNG US	157.41	118,275	15.0	12.7	11.0	11.2	9.9	9.0	4.1	3.8	3.5	n.a.	-196.8	-211.8	-13.1	-15.3	-41.2
Expedia Group Inc	EXPE US	261.75	31,415	12.4	10.6	9.1	7.6	6.8	6.2	1.9	1.8	1.7	199.1	97.9	91.2	12.9	8.1	5.7
TripAdvisor Inc	TRIP US	8.52	999	11.1	9.0	6.3	4.5	4.5	4.1	0.7	0.7	0.6	0.8	9.1	9.2	1.2	1.1	0.9
MakeMyTrip	MMYT US	46.87	4,488	23.9	19.3	16.6	24.8	19.6	15.3	4.4	3.8	3.2	n.a.	-524.0	186.7	-761.1	36.8	13.1
WebBeds Group	WEB AU	3.37	1,220	14.0	11.1	9.1	6.7	5.6	4.8	2.5	2.2	2.0	6.1	13.5	15.9	1.9	1.7	1.5
Lastminute.com NV	LMN SW	9.30	108	7.4	4.9	4.5	0.3	0.3	0.3	0.0	0.0	0.0	21.4	n.a.	n.a.	1.8	1.6	1.6
Travelzoo	TZOO US	5.51	56	n.a.	6.9	7.2	n.a.	5.0	5.2	0.6	0.6	0.6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average				14.4	11.8	9.6	11.3	7.5	6.4	2.1	1.9	1.7	33.4	-59.0	18.3	-74.2	4.5	-0.9
China's offline travel/hotel players				22.6	19.2	16.8	12.9	11.2	9.8	1.7	1.5	1.4	6.7	9.1	9.9	1.8	1.7	1.6
China Tourism Group Duty Free Corp	601888 CH	51.46	105,370	15.7	13.7	12.3	11.5	10.3	9.4	4.0	3.7	3.5	38.4	39.4	38.4	5.7	4.9	4.3
H World Group	HTHT US	41.99	13,244	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.5	2.5	n.a.	n.a.	n.a.
China CYTS Tours Holding Co	600138 CH	7.00	5,067	21.3	17.4	14.1	8.2	7.4	6.7	1.8	1.7	1.6	-0.6	3.0	3.7	0.5	0.5	0.5
China Travel International Investment Hong Kong	308 HK	1.13	6,256	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.7	9.5	n.a.	n.a.	n.a.
UTour Group Co	002707 CH	5.09	5,002	19.9	16.8	14.4	10.9	9.6	8.7	2.5	2.3	2.2	14.8	12.3	12.8	2.7	2.4	2.1
Average				11.4	9.9	8.8	7.5	6.0	5.3	1.7	1.6	1.4	15.7	8.5	8.7	1.0	0.9	0.8

Source: Bloomberg, UOB Kay Hian