
Tuniu Announces Unaudited First Quarter 2020 Financial Results

NANJING, China, June 10, 2020 -- Tuniu Corporation (NASDAQ:TOUR) ("Tuniu" or the "Company"), a leading online leisure travel company in China, today announced its unaudited financial results for the first quarter ended March 31, 2020.

Mr. Donald Dunde Yu, Tuniu's founder, Chairman and Chief Executive Officer, said, "Even though travel restrictions implemented during the COVID-19 pandemic remain in place, we are positive on the long-term prospect as there has been a strong accumulation of demand for travel products. By leveraging our experience in Tuniu-branded products and established network of local tour operators, we will shift our focus on the domestic market to offer high-quality domestic travel products to customers, in order to meet the near-term challenges. We are also utilizing new forms of distributions such as live-streaming and social marketing to stimulate customer interest in various destinations and travel products. Lastly, we remain committed to minimizing our expenditures and optimizing our cash flows in preparation for the full recovery of China's leisure travel market."

First Quarter 2020 Results

Net revenues were RMB174.0 million (US\$24.6 million¹) in the first quarter of 2020, representing a year-over-year decrease of 61.9% from the corresponding period in 2019. The decrease was primarily due to the negative impact brought out by the outbreak and spread of COVID-19.

- **Revenues from packaged tours** were RMB120.2 million (US\$17.0 million) in the first quarter of 2020, representing a year-over-year decrease of 67.1% from the corresponding period in 2019. The decrease was primarily due to the suspension of sale of packaged tours impacted by the outbreak and spread of COVID-19².
- **Other revenues** were RMB53.7 million (US\$7.6 million) in the first quarter of 2020, representing a year-over-year decrease of 40.9% from the corresponding period in 2019. The decrease was primarily due to the declines in service fees received from insurance companies and revenues generated from financial services.

Cost of revenues was RMB81.5 million (US\$11.5 million) in the first quarter of 2020, representing a year-over-year decrease of 60.5% from the corresponding period in 2019. As a percentage of net revenues, cost of revenues was 46.8% in the first quarter of 2020, compared to 45.1% in the corresponding period in 2019.

¹ The conversion of Renminbi ("RMB") into United States dollars ("US\$") is based on the exchange rate of US\$1.00=RMB7.0808 on March 31, 2020 as set forth in H.10 statistical release of the U.S. Federal Reserve Board and available at <https://www.federalreserve.gov/releases/h10/default.htm>.

² On January 24, 2020, the Ministry of Culture and Tourism of the People's Republic of China issued a notice requiring travel agencies, including online travel agencies throughout the country to suspend the operation of organized tours and the provision of a combination of flight and hotel bookings.

Gross margin was 53.2% in the first quarter of 2020, compare to a gross margin of 54.9% in the first quarter of 2019.

Operating expenses were RMB308.0 million (US\$43.5 million) in the first quarter of 2020, representing a year-over-year decrease of 28.6% from the corresponding period in 2019. **Share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets**, which were allocated to operating expenses, were RMB37.6 million (US\$5.3 million) in the first quarter of 2020. **Non-GAAP³ operating expenses**, which excluded share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets, were RMB270.4 million (US\$38.2 million) in the first quarter of 2020, representing a year-over-year decrease of 27.8%.

- **Research and product development expenses** were RMB51.0 million (US\$7.2 million) in the first quarter of 2020, representing a year-over-year decrease of 36.2%. **Non-GAAP research and product development expenses**, which excluded share-based compensation expenses and amortization of acquired intangible assets of RMB3.1 million (US\$0.4 million), were RMB48.0 million (US\$6.8 million) in the first quarter of 2020, representing a year-over-year decrease of 35.6% from the corresponding period in 2019. The decrease was primarily due to the decrease in research and product development personnel related expenses.
- **Sales and marketing expenses** were RMB124.7 million (US\$17.6 million) in the first quarter of 2020, representing a year-over-year decrease of 43.0%. **Non-GAAP sales and marketing expenses**, which excluded share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets of RMB31.8 million (US\$4.5 million), were RMB92.9 million (US\$13.1 million) in the first quarter of 2020, representing a year-over-year decrease of 49.3% from the corresponding period in 2019. The decrease was primarily due to the decrease in promotion expenses and sales and marketing personnel related expenses.
- **General and administrative expenses** were RMB133.9 million (US\$18.9 million) in the first quarter of 2020, representing a year-over-year decrease of 0.9%. The decrease was primarily due to the decrease in general and administrative personnel related expenses. **Non-GAAP general and administrative expenses**, which excluded share-based compensation expenses and amortization of acquired intangible assets of RMB2.7 million (US\$0.4 million), were RMB131.1 million (US\$18.5 million) in the first quarter of 2020, representing a year-over-year increase of 9.7% from the corresponding period in 2019. The increase was primarily due to the increase in allowance for doubtful accounts.

³ The section below entitled "About Non-GAAP Financial Measures" provides information about the use of Non-GAAP financial measures in this press release, and the table captioned "Reconciliations of GAAP and Non-GAAP Results" set forth at the end of this press release reconciles Non-GAAP financial information with the Company's financial results under GAAP.

Loss from operations was RMB215.5 million (US\$30.4 million) in the first quarter of 2020, compared to a loss from operations of RMB180.5 million in the first quarter of 2019. **Non-GAAP loss from operations**, which excluded share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets, was RMB177.7 million (US\$25.1 million) in the first quarter of 2020.

Net loss was RMB205.2 million (US\$29.0 million) in the first quarter of 2020, compared to a net loss of RMB148.2 million in the first quarter of 2019. **Non-GAAP net loss**, which excluded share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets, was RMB167.4 million (US\$23.6 million) in the first quarter of 2020.

Net loss attributable to ordinary shareholders was RMB201.5 million (US\$28.5 million) in the first quarter of 2020, compared to a net loss attributable to ordinary shareholders of RMB150.6 million in the first quarter of 2019. **Non-GAAP net loss attributable to ordinary shareholders**, which excluded share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets, was RMB163.7 million (US\$23.1 million) in the first quarter of 2020.

As of March 31, 2020, the Company had **cash and cash equivalents, restricted cash and short-term investments** of RMB2.1 billion (US\$296.6 million). The COVID-19 pandemic has negatively impacted our business operation and cash flows for the first quarter of 2020, which could continue to impact on subsequent periods. Based on our liquidity assessment and management actions, we believe that our available cash, cash equivalents and cash generated from future operations and maturity of investments will be sufficient to meet our working capital requirements and capital expenditures in the ordinary course of business for the foreseeable future.

Business Outlook

Tuniu's business has been significantly and negatively impacted by the outbreak and spread of COVID-19 since January 2020. As a result of the continued influence by COVID-19, for the second quarter of 2020, the Company expects to generate RMB20.8 million to RMB72.8 million of net revenues, which represents 86% to 96% decrease year-over-year. This forecast reflects Tuniu's current and preliminary view on the industry and its operations, which is subject to change.

Conference Call Information

Tuniu's management will hold an earnings conference call at 8:00 am U.S. Eastern Time, on June 10, 2020, (8:00 pm, Beijing/Hong Kong Time, on June 10, 2020) to discuss the first quarter 2020 financial results.

To participate in the conference call, please dial the following numbers:

US: +1-888-346-8982

Hong Kong: +852-301-84992

Mainland China: 4001-201203

International: +1-412-902-4272

Conference ID: Tuniu 1Q 2020 Earnings Call

A telephone replay will be available one hour after the end of the conference through June 17, 2020. The dial-in details are as follows:

US: +1-877-344-7529

International: +1-412-317-0088

Replay Access Code: 10144584

Additionally, a live and archived webcast of the conference call will also be available on the Company's investor relations website at <http://ir.tuniu.com>.

About Tuniu

Tuniu (Nasdaq:TOUR) is a leading online leisure travel company in China that offers a large selection of packaged tours, including organized and self-guided tours, as well as travel-related services for leisure travelers through its website tuniu.com and mobile platform. Tuniu covers over 420 departing cities throughout China and all popular destinations worldwide. Tuniu provides one-stop leisure travel solutions and a compelling customer experience through its online platform and offline service network, including a dedicated team of professional customer service representatives, 24/7 call centers, extensive networks of offline retail stores and self-operated local tour operators. For more information, please visit <http://ir.tuniu.com>.

Safe Harbor Statement

This press release contains forward-looking statements made under the "safe harbor" provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Tuniu may also make written or oral forward-looking statements in its reports filed with or furnished to the U.S. Securities and Exchange Commission, in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Any statements that are not historical facts, including statements about Tuniu's beliefs and expectations, are forward-looking statements that involve factors, risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such factors and risks include, but are not limited to the following: Tuniu's goals and strategies; the growth of the online leisure travel market in China; the demand for Tuniu's products and services; its relationships with customers and travel suppliers; the Company's ability to offer competitive travel products and services; Tuniu's future business development, results of

operations and financial condition; competition in the online travel industry in China; relevant government policies and regulations relating to the Company's structure, business and industry; the impact of the COVID-19 on Tuniu's business operations, the travel industry and the economy of China and elsewhere generally; and the general economic and business condition in China and elsewhere. Further information regarding these and other risks, uncertainties or factors is included in the Company's filings with the U.S. Securities and Exchange Commission. All information provided in this press release is current as of the date of the press release, and Tuniu does not undertake any obligation to update such information, except as required under applicable law.

About Non-GAAP Financial Measures

To supplement the Company's unaudited consolidated financial results presented in accordance with United States Generally Accepted Accounting Principles ("GAAP"), the Company has provided non-GAAP information related to cost of revenues, research and product development expenses, sales and marketing expenses, general and administrative expenses, other operating income, total operating expenses, loss from operations, net loss, net loss attributable to ordinary shareholders, net loss per ordinary share attributable to ordinary shareholders-basic and diluted and net loss per ADS-basic and diluted, which excludes share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets. We believe that the non-GAAP financial measures used in this press release are useful for understanding and assessing underlying business performance and operating trends, and management and investors benefit from referring to these non-GAAP financial measures in assessing our financial performance and when planning and forecasting future periods. For more information on these non-GAAP financial measures, please see the table captioned "Reconciliations of GAAP and non-GAAP Results" set forth at the end of this press release.

A limitation of using non-GAAP financial measures excluding share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets is that share-based compensation expenses, amortization of acquired intangible assets and impairment of acquired intangible assets have been – and will continue to be – significant recurring expenses in the Company's business. You should not view non-GAAP results on a stand-alone basis or as a substitute for results under GAAP, or as being comparable to results reported or forecasted by other companies.

For investor and media inquiries, please contact:

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(Financial Tables Follow)

Tuniu Corporation
Unaudited Condensed Consolidated Balance Sheets
(All amounts in thousands, except per share information)

| | December 31, 2019 | March 31, 2020 | March 31, 2020 |
|---|-------------------|------------------|----------------|
| | RMB | RMB | US\$ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 295,463 | 590,948 | 83,458 |
| Restricted cash | 327,052 | 111,754 | 15,783 |
| Short-term investments | 1,305,386 | 1,397,273 | 197,333 |
| Accounts receivable, net | 529,983 | 450,756 | 63,659 |
| Amounts due from related parties | 65,108 | 62,727 | 8,859 |
| Prepayments and other current assets | 1,300,284 | 951,691 | 134,404 |
| Total current assets | 3,823,276 | 3,565,149 | 503,496 |
| Non-current assets | | | |
| Long-term investments | 1,305,612 | 786,646 | 111,096 |
| Property and equipment, net | 223,340 | 210,132 | 29,676 |
| Intangible assets, net | 166,267 | 130,618 | 18,447 |
| Land use right, net | 98,774 | 98,259 | 13,877 |
| Operating lease right-of-use assets, net | 105,839 | 87,515 | 12,359 |
| Goodwill | 232,007 | 232,007 | 32,766 |
| Other non-current assets | 83,923 | 70,856 | 10,007 |
| Long-term amounts due from related parties | 557,582 | 554,179 | 78,265 |
| Total non-current assets | 2,773,344 | 2,170,212 | 306,493 |
| Total assets | 6,596,620 | 5,735,361 | 809,989 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Short-term borrowings | 203,845 | 203,672 | 28,764 |
| Accounts and notes payable | 1,311,963 | 1,129,995 | 159,586 |
| Amounts due to related parties | 29,755 | 26,594 | 3,756 |
| Salary and welfare payable | 112,511 | 75,721 | 10,694 |
| Taxes payable | 12,207 | 4,230 | 597 |
| Advances from customers | 1,113,879 | 492,277 | 69,523 |
| Operating lease liabilities, current | 57,490 | 57,167 | 8,074 |
| Accrued expenses and other current liabilities | 907,119 | 1,118,539 | 157,968 |
| Total current liabilities | 3,748,769 | 3,108,195 | 438,962 |
| Non-current liabilities | | | |
| Operating lease liabilities, non-current | 54,718 | 45,541 | 6,432 |
| Deferred tax liabilities | 23,658 | 22,829 | 3,224 |
| Long-term borrowings | 9,689 | 10,941 | 1,545 |
| Other non-current liabilities | 10,947 | 10,947 | 1,546 |
| Total non-current liabilities | 99,012 | 90,258 | 12,747 |
| Total liabilities | 3,847,781 | 3,198,453 | 451,709 |
| Mezzanine equity | | | |
| Redeemable noncontrolling interests | 37,200 | 37,200 | 5,254 |
| Shareholders' equity | | | |
| Ordinary shares | 249 | 249 | 35 |
| Less: Treasury stock | (310,942) | (310,724) | (43,883) |
| Additional paid-in capital | 9,113,512 | 9,117,787 | 1,287,678 |
| Accumulated other comprehensive income | 293,784 | 301,875 | 42,633 |
| Accumulated deficit* | (6,385,974) | (6,606,860) | (933,067) |
| Total Tuniu's shareholders' equity | 2,710,629 | 2,502,327 | 353,396 |
| Noncontrolling interests | 1,010 | (2,619) | (370) |
| Total Shareholders' equity | 2,711,639 | 2,499,708 | 353,026 |
| Total liabilities and shareholders' equity | 6,596,620 | 5,735,361 | 809,989 |

*On 1 January 2020, the Company adopted ASU No. 2016-13 (ASU 2016-13), "Financial Instruments – Credit Losses", and recognized a cumulative-effect adjustment to the opening retained earnings at the adoption date.

Tuniu Corporation
Unaudited Condensed Consolidated Statements of Comprehensive Loss
(All amounts in thousands, except per share information)

| | Quarter Ended March 31, 2019 | Quarter Ended December 31, 2019 | Quarter Ended March 31, 2020 | Quarter Ended March 31, 2020 |
|---|---------------------------------|------------------------------------|---------------------------------|---------------------------------|
| | RMB | RMB | RMB | US\$ |
| Revenues | | | | |
| Packaged tours | 365,893 | 344,325 | 120,240 | 16,981 |
| Others | 90,964 | 106,958 | 53,741 | 7,590 |
| Net revenues | 456,857 | 451,283 | 173,981 | 24,571 |
| Cost of revenues | (206,019) | (234,623) | (81,460) | (11,504) |
| Gross profit | 250,838 | 216,660 | 92,521 | 13,067 |
| Operating expenses | | | | |
| Research and product development | (80,016) | (79,038) | (51,026) | (7,206) |
| Sales and marketing | (218,820) | (239,898) | (124,698) | (17,611) |
| General and administrative | (135,072) | (341,487) | (133,860) | (18,905) |
| Other operating income | 2,543 | 9,545 | 1,574 | 222 |
| Total operating expenses | (431,365) | (650,878) | (308,010) | (43,500) |
| Loss from operations | (180,527) | (434,218) | (215,489) | (30,433) |
| Other income/(expenses) | | | | |
| Interest and investment income, net | 38,671 | 38,766 | 21,852 | 3,086 |
| Interest expense | (6,810) | (11,372) | (10,499) | (1,483) |
| Foreign exchange (losses)/gains, net | (303) | 3,272 | (877) | (124) |
| Other income/(loss), net | 268 | 2,808 | (1,718) | (243) |
| Loss before income tax expense | (148,701) | (400,744) | (206,731) | (29,197) |
| Income tax benefit/(expense) | 525 | (2,910) | 817 | 115 |
| Equity in income of affiliates | - | 2,223 | 744 | 105 |
| Net loss | (148,176) | (401,431) | (205,170) | (28,977) |
| Net income/(loss) attributable to noncontrolling interests | 1,169 | (35,957) | (3,629) | (513) |
| Net income/(loss) attributable to redeemable noncontrolling interests | 714 | 123 | (81) | (11) |
| Net loss attributable to Tuniu Corporation | (150,059) | (365,597) | (201,460) | (28,453) |
| Accretion on redeemable noncontrolling interests | (543) | (1,540) | (81) | (11) |
| Net loss attributable to ordinary shareholders | (150,602) | (367,137) | (201,541) | (28,464) |
| Net loss | (148,176) | (401,431) | (205,170) | (28,977) |
| Other comprehensive (loss)/income: | | | | |
| Foreign currency translation adjustment, net of nil tax | (4,742) | (4,939) | 8,091 | 1,143 |
| Comprehensive loss | (152,918) | (406,370) | (197,079) | (27,834) |
| Net loss per ordinary share attributable to ordinary shareholders - basic and diluted | (0.41) | (0.99) | (0.54) | (0.08) |
| Net loss per ADS - basic and diluted* | (1.23) | (2.97) | (1.62) | (0.24) |
| Weighted average number of ordinary shares used in computing basic and diluted loss per share | 369,190,766 | 369,797,249 | 370,055,731 | 370,055,731 |
| Share-based compensation expenses included are as follows: | | | | |
| Cost of revenues | 1,869 | 258 | 207 | 29 |
| Research and product development | 5,041 | 839 | 2,136 | 302 |
| Sales and marketing | 1,416 | 267 | 205 | 29 |
| General and administrative | 14,835 | 5,500 | 2,025 | 286 |
| Total | 23,161 | 6,864 | 4,573 | 646 |

*Each ADS represents three of the Company's ordinary shares.

Reconciliations of GAAP and Non-GAAP Results
(All amounts in thousands, except per share information)

| | Quarter Ended March 31, 2020 | | | | |
|---|-------------------------------------|-------------------------------------|---|---|----------------------------|
| | GAAP Result | Share-based Compensation | Amortization of acquired intangible assets | Impairment of acquired intangible assets | Non-GAAP Result |
| Cost of revenues | (81,460) | 207 | - | - | (81,253) |
| Research and product development | (51,026) | 2,136 | 933 | - | (47,957) |
| Sales and marketing | (124,698) | 205 | 22,050 | 9,554 | (92,889) |
| General and administrative | (133,860) | 2,025 | 709 | - | (131,126) |
| Other operating income | 1,574 | - | - | - | 1,574 |
| Total operating expenses | <u>(308,010)</u> | <u>4,366</u> | <u>23,692</u> | <u>9,554</u> | <u>(270,398)</u> |
| Loss from operations | (215,489) | 4,573 | 23,692 | 9,554 | (177,670) |
| Net loss | (205,170) | 4,573 | 23,692 | 9,554 | (167,351) |
| Net loss attributable to ordinary shareholders | (201,541) | 4,573 | 23,692 | 9,554 | (163,722) |
| Net loss per ordinary share attributable to ordinary shareholders - basic and diluted | (0.54) | | | | (0.44) |
| Net loss per ADS - basic and diluted | (1.62) | | | | (1.32) |
| Weighted average number of ordinary shares used in computing basic and diluted loss per share | 370,055,731 | | | | 370,055,731 |

| | Quarter Ended December 31, 2019 | | | | |
|---|--|-------------------------------------|---|---|----------------------------|
| | GAAP Result | Share-based Compensation | Amortization of acquired intangible assets | Impairment of acquired intangible assets | Non-GAAP Result |
| Cost of revenues | (234,623) | 258 | - | - | (234,365) |
| Research and product development | (79,038) | 839 | 793 | - | (77,406) |
| Sales and marketing | (239,898) | 267 | 34,649 | 32,014 | (172,968) |
| General and administrative | (341,487) | 5,500 | 705 | - | (335,282) |
| Other operating income | 9,545 | - | - | - | 9,545 |
| Total operating expenses | <u>(650,878)</u> | <u>6,606</u> | <u>36,147</u> | <u>32,014</u> | <u>(576,111)</u> |
| Loss from operations | (434,218) | 6,864 | 36,147 | 32,014 | (359,193) |
| Net Loss | (401,431) | 6,864 | 36,147 | 32,014 | (326,406) |
| Net loss attributable to ordinary shareholders | (367,137) | 6,864 | 36,147 | 32,014 | (292,112) |
| Net loss per ordinary share attributable to ordinary shareholders - basic and diluted | (0.99) | | | | (0.79) |
| Net loss per ADS - basic and diluted | (2.97) | | | | (2.37) |
| Weighted average number of ordinary shares used in computing basic and diluted loss per share | 369,797,249 | | | | 369,797,249 |

| | Quarter Ended March 31, 2019 | | | | |
|---|-------------------------------------|-------------------------------------|---|---|----------------------------|
| | GAAP Result | Share-based Compensation | Amortization of acquired intangible assets | Impairment of acquired intangible assets | Non-GAAP Result |
| Cost of revenues | (206,019) | 1,869 | - | - | (204,150) |
| Research and product development | (80,016) | 5,041 | 513 | - | (74,462) |
| Sales and marketing | (218,820) | 1,416 | 34,163 | - | (183,241) |
| General and administrative | (135,072) | 14,835 | 703 | - | (119,534) |
| Other operating income | 2,543 | - | - | - | 2,543 |
| Total operating expenses | <u>(431,365)</u> | <u>21,292</u> | <u>35,379</u> | <u>-</u> | <u>(374,694)</u> |
| Loss from operations | (180,527) | 23,161 | 35,379 | - | (121,987) |
| Net loss | (148,176) | 23,161 | 35,379 | - | (89,636) |
| Net loss attributable to ordinary shareholders | (150,602) | 23,161 | 35,379 | - | (92,062) |
| Net loss per ordinary share attributable to ordinary shareholders - basic and diluted | (0.41) | | | | (0.25) |
| Net loss per ADS - basic and diluted | (1.23) | | | | (0.75) |
| Weighted average number of ordinary shares used in computing basic and diluted loss per share | 369,190,766 | | | | 369,190,766 |

*Basic net loss per ordinary share attributable to ordinary shareholders is calculated by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the periods. Diluted net loss per ordinary share attributable to ordinary shareholders is calculated by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the periods, including the dilutive effect of share-based awards as determined under the treasury stock method.