

# iQIYI (IQ US)

## Expecting upbeat margin on better ARM

We expect IQ to deliver in-line topline (+7.5%) and upbeat margin (11% non-GAAP OPM) in 3Q23E, primarily on better-than-expected ARM. By segment, we estimate subs rev +20% YoY, on rising ARM (+12% YoY to RMB15.5, vs. prior 9%) with subs of 107mn. We are more positive on its ARM trend (with long-term target at RMB25-30), backed by narrowing discounts, enriched subs benefits and campaign. Ads will report accelerated growth at +35% YoY in 3Q23E, driven by high-quality content and recovering verticals. Certain content delay will not lead to meaningful impacts on rev, thanks to its diversified pipeline (60-80 titles per year). Looking ahead, we expect its strong originals to support robust growth and unlock subs LTV, including A journey to love <一念关山>, Fox Spirit Matchmaker <狐妖小红娘>, and Story of Kunning Palace <宁安如梦>. We keep our full-year earnings forecast unchanged, with TP of US\$8.6.

- **Expecting upbeat margin in 3Q23E.** We expect IQ to deliver in-line rev (+7.5% YoY) with better-than-expected non-GAAP OPM of 11% (vs. prior 10%). By segment, we estimate subs rev +20% YoY, mainly attributable to rising ARM (+12% YoY, vs. prior 9%) with subs of 107mn. Ads will see robust growth (+35% YoY), in which performance ads outperformed brand ads. We model content distribution/others to achieve RMB511mn/802mn, -30%/-38% YoY. Non-GAAP OP is estimated to be RMB858mn (vs. prior 810mn), primarily on higher ARM, expanding GPM (27% in 3Q23E), and stable opex.
- **Enhanced subs LTV with rising ARM.** As IQ prioritizes on long-term value of subs, ARM is the key driver for rev growth and margin expansion. We are more positive on its ARM trend, backed by narrowing discounts, enriched subs benefits and campaign. We forecast ARM +12% YoY in 3Q23E, with long-term target of RMB25-30. We think certain content delays pose very limited impact on its topline, thanks to its diversified pipeline (60-80 titles per year). Suggest to eye on key launches in 4Q23E, including A journey to love <一念关山>, Chinese Paladin 4 <仙剑奇侠传4>, Young couple <小夫妻>, Bionic <仿生人间> and Cat and Thief <斗贼>, etc.
- **Strong ads momentum to continue.** Ads would show accelerated growth to +35% YoY in 3Q23E (vs. +25% YoY in 2Q23). Performance ads would outperform brand ads, given enhanced marketing capability and incremental budgets from internet service, ecommerce and games. Brand ads is expected to see double-digit YoY growth, thanks to rising budget from F&B and recovering verticals (e.g. internet service, healthcare, and transportation).
- **Maintain BUY.** We keep FY23-25E earnings forecast unchanged, with DCF-based TP of US\$8.6 (23x/17x FY23/24E P/E), largely in line with Netflix and Mango's multiple. Key catalysts: 1) key dramas to be launched in 4Q23E; and 2) decent ARM growth and ads recovery.

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	30,554	28,998	32,382	34,581	35,952
YoY growth (%)	2.9	(5.1)	11.7	6.8	4.0
Adj. net income (RMB mn)	(4,549)	1,266	2,523	3,442	3,908
Adj. EPS (RMB)	(5.6)	1.5	2.7	3.6	4.1
YoY growth (%)	NA	NA	99.3	36.4	13.5
Consensus EPS (RMB)	NA	NA	2.3	3.3	4.1
P/E (x)	NA	22.6	12.7	9.4	8.3
P/S (x)	1.1	1.1	1.0	0.9	0.9
Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, Bloomberg, CMBIGM estimates



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### BUY (Maintain)

Target Price	US\$8.6
(Previous TP	US\$8.6)
Up/Downside	+84.9%
Current Price	US\$4.7

### China Entertainment Sector

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### Stock Data

Mkt Cap (US\$ mn)	4,590
Avg 3 mths t/o (US\$ mn)	45.53
52w High/Low (US\$)	7.99/ 1.65
Total Issued Shares (mn)	522

Source: Bloomberg

### Shareholding Structure

Goldman Sachs	8.09%
BlackRock	3.79%
Vanguard Group	3.32%

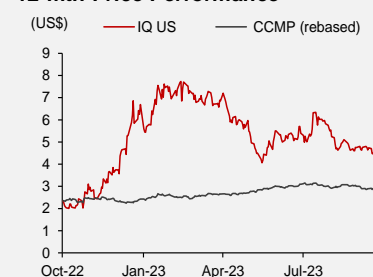
Source: Bloomberg

### Share Performance

	Absolute	Relative
1-mth	1.1%	3.3%
3-mth	-10.9%	-6.3%
6-mth	-30.0%	-36.7%

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

Auditor: PwC

**Figure 1: 3Q23E financial preview**

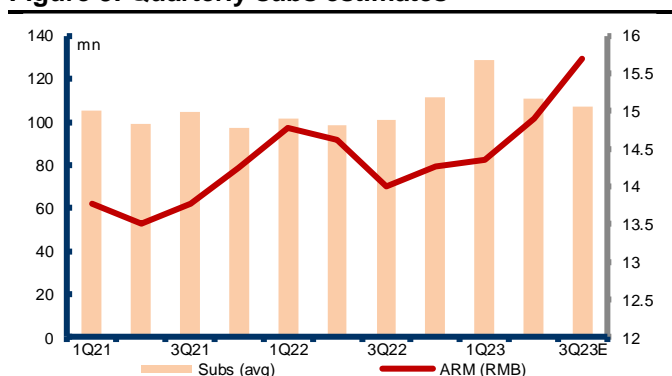
RMB mn	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23E	QoQ	YoY	Consensus	Diff %
Revenue	7,589	7,389	7,277	6,657	7,471	7,593	8,349	7,802	8,033	3.0%	7.5%	8,047	0%
Operating profit	(1,368)	7,389	93	126	310	784	859	610	683	11.9%	120.6%	2,106	-68%
Net profit	(1,730)	(1,776)	169	(214)	(396)	304	618	365	438	19.8%	NA	618	-29%
Adj. net profit	(1,400)	(1,002)	162	78	187	856	940	595	604	1.5%	222.6%	490	23%
EPS (RMB)	(1.75)	(1.25)	0.20	0.09	0.22	0.98	0.97	0.61	0.61	1.0%	184.9%	0.42	45%
<b>Margin (%)</b>													
Gross margin	7.4%	11.9%	18.0%	21.2%	23.6%	28.9%	28.7%	26.0%	27.0%			26.2%	
Operating margin	-18.0%	100.0%	1.3%	1.9%	4.1%	10.3%	10.3%	7.8%	8.5%			26.2%	
Adj. net margin	-18.4%	-13.6%	2.2%	1.2%	2.5%	11.3%	11.3%	7.6%	7.5%			6.1%	
<b>Growth (%)</b>													
Revenue (YoY)	5.6%	-0.9%	-8.7%	-12.5%	-1.6%	2.8%	14.7%	17.2%	7.5%			7.7%	
Revenue (QoQ)	-0.3%	-2.6%	-1.5%	-8.5%	12.2%	1.6%	10.0%	-6.5%	3.0%			3.1%	
Operating profit	NA	NA	NA	NA	NA	NA	819.2%	385.3%	120.6%			580.0%	
Adj. net profit	NA	NA	NA	NA	NA	NA	479.3%	659.9%	222.6%			161.5%	

Source: Company data, Bloomberg, CMBIGM estimates

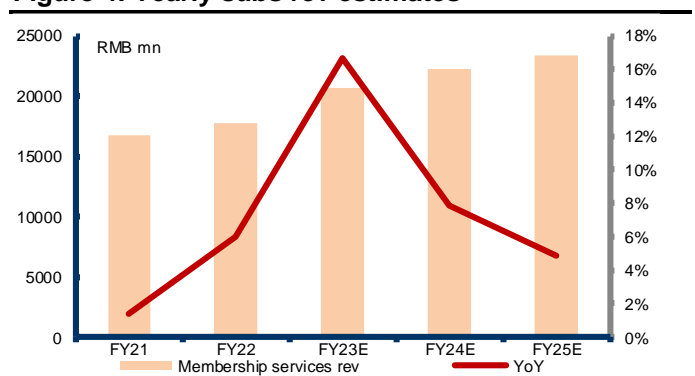
**Figure 2: 3Q23E revenue breakdown**

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23E	QoQ	YoY
<b>Revenue (RMB mn)</b>	<b>7,589</b>	<b>7,389</b>	<b>7,277</b>	<b>6,657</b>	<b>7,471</b>	<b>7,593</b>	<b>8,349</b>	<b>7,802</b>	<b>8,033</b>	<b>3.0%</b>	<b>7.5%</b>
Membership Services	4,288	4,121	4,471	4,285	4,211	4,744	5,547	4,947	5,036	1.8%	19.6%
Online Advertising	1,660	1,665	1,337	1,194	1,247	1,553	1,404	1,495	1,684	12.6%	35.0%
Content Distribution	627	762	626	479	730	635	727	553	511	-7.7%	-30.0%
Others	1,013	842	842	698	1,284	661	670	807	802	-0.6%	-37.5%

Source: Company data, CMBIGM estimates

**Figure 3: Quarterly subs estimates**

Source: Company data, CMBIGM estimates

**Figure 4: Yearly subs rev estimates**

Source: Company data, CMBIGM estimates

**Figure 5: iQIYI's key drama series pipeline in FY23-25E**

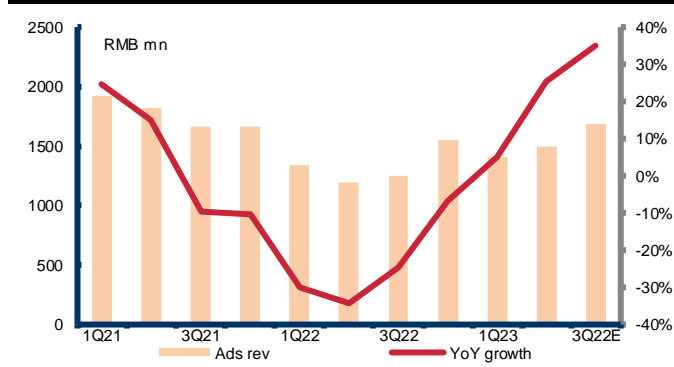
Type	Titles	Chinese Titles	Genre	Staring	Launched date
National Drama/ 国民大戏	The water of river	大河之水	Suspense	聂远、杨蓉	4Q23
	The baking challenge	点心之路	Comedy	王彦霖、赵小棠	4Q23
	The unique girl	独一无二的地	Romance	张云龙、宋伊人、毛林林	4Q23
	Gold Trio	老家伙	Life	张国立、王刚、张铁林	4Q23
	Ban to run	如果奔跑是我的宿命	Life	王宥钧、李添诺、荣飞	4Q23
	Hello Life	无所畏惧	Life	热依扎、王阳、啜妮	4Q23
	Young couple	小夫妻	Life	殷桃、郭京飞、齐溪	4Q23
	Soldiers from the wind	兵自风中来	Military	欧豪、蓝盈莹、刘怡君	2023
	The Comic Bang	开画！少女漫	Romance	沈月、王敬轩、赵弈钦	2023

	Men in love	请与这样的我恋爱吧	Romance	代旭、刘畅、孙嘉灵	2023
	I am criminal police	我是刑警	Suspense	于和伟、李春嫒、刘泊潇	TBC
	Rising with the wind	我要逆风去	Romance	龚俊、钟楚曦、吴宣仪	2023
	Moments of youth	明天的少年	Life	吴宇恒、周彦辰、杨胖子	1Q24
	Road to brightness	长风破浪	Life	王一博、李沁、王阳	1Q24
	City of city	城中之城	Modern	白宇帆、于和伟、夏梦	2Q24
	San Ke Shu	南来北往	History	白敬亭、丁勇岱	1Q24
	My Altay	我的阿勒泰	Life	马伊琍、周依然、于适	1Q24
	Like a flowing river3	大江大河 3	Life	王凯、杨烁、董子健	2Q24
	The white olive tree	白色橄榄树	Romance	陈哲远、梁洁	2Q24
	Beatiful lie	你的谎言也动听	Life	陈星旭、张予曦	4Q24
	Northward	北上	Modern	白鹿、欧豪	2024
	Ray of sunshine	橙色光芒	Modern	谭卓、高叶、刘奕君	2024
	Created in China	艰难的制造	History	高露、刘奕君、朱雨辰	2024
	Watchman	守诚者	Crime	陈小春、李治廷、韩雪	2Q24
	Headwinds	迎风	Life	孙千、翟子路、刘琳	2024
	The elephant is right here	消失的大象	Modern	李九霄、蒋龙、马吟吟	2024
Oriental Fantasy/ 东方幻想	Fighting for love	阿麦从军	Costume	张天爱、张昊唯	3Q23
	White Cat Legend	大理寺少卿游	Costume	丁禹兮、周奇	4Q23
	Tiger Crane	虎鹤妖师录	Costume	蒋龙、张凌赫、王玉雯	4Q23
	Meet me in your sound	幻乐森林	Costume	许佳琪、魏哲鸣、吴希泽	4Q23
	Special Lady	陌上人如玉	Romance	肖燕、翟子路、盛英豪	4Q23
	The Mutations	天启异闻录	Costume	路阳、乔磊、范川	4Q23
	The Demon Hunter's Romance	无忧渡	Romance	任嘉伦、宋祖儿	4Q23
	A journey of love	一念关山	Costume	刘诗诗、刘宇宁	4Q23
	Zi Chuan	紫川	Costume	杨旭文、刘宇宁、李墨之	2023
	Fox Spirit Matchmaker	狐妖小红娘月红篇	Costume	杨幂、龚俊、郭晓婷	2023
	Fox Spirit Matchmaker	狐妖小红娘竹业篇	Costume	刘诗诗、张云龙	2023
	Story of Kunning Palace	宁安如梦	Costume	白鹿、张凌赫、王星越	TBC
	My life is a thief	柳叶摘星辰	Costume	唐晓天、庄达菲、林枫松	TBC
	Love in the desert	漠风吟	Romance	哈妮克孜、方逸伦	4Q24
	Chinese Paladin 4	仙剑奇侠传 4	Costume	鞠婧祎、陈哲远、茅子俊	4Q23
Legend of Justice/ 正义传奇	New York Mission2	唐人街探案 2	Suspense	邱泽、尚语贤、张钧甯	3Q23
	The truth of scent	闻香探案录	Suspense, Romance	姚弛、肖凯中、龚婉怡	3Q23
	Bionic	仿生人间	Sci-fi	宋威龙、文淇	4Q23

	Back for you	漫影寻踪	Romance	杨颖、王安宇、匡牧野	4Q23
	Copycat killer	模仿犯	Suspense	吴慷仁、柯佳嬿、林心如	4Q23
	Ball Lightning	球状闪电	Sci-fi	童谣、王安宇、杨立新	1Q24
	Rident 2	三叉戟 2	Crime	陈建斌、董勇、郝平	1Q24
	The truth II	凶案深处	Suspense	马思超、刘怡潼	1Q24
	Square Pavilion	四方馆	Costume	檀健次、周依然、杜淳	3Q24
	In the name of the brother	哈尔滨一九四四	History	张子贤、梁元晖、王鹤润	3Q24
	Stealing time	黄雀	Crime	郭京飞、秦岚	4Q24
	Dark night and dawn	暗夜与黎明	Crime	陈哲远、聂远、邢菲	2024
	Cat and Thief	斗贼	Crime	黄景瑜、修睿	TBC
Annual Joy Party/ 一年一度喜乐会	Annual Joy Party	一年一度喜乐会	Comedy	张哲华、土豆、张小婉	1Q24
	The limbo	二十一天	Suspense	欧豪、张雪迎、姜武	4Q23
	Interlaced scenes	交错的场景	Suspense	马伊琍、佟大为、高至霆	4Q23
Light On/ 迷雾剧场	Tell no one	不可告人	Suspense	欧豪、李一桐	4Q23
	Lost in the shadows	看不见影子的少年	Suspense	张颂文、荣梓杉、成泰燊	1Q24
	Man Hunt	三大队	Suspense	秦昊、李乃文、陈明昊	4Q24
	The sundown	乌云之上	Suspense	孙俪、罗晋、丁冠森	2024

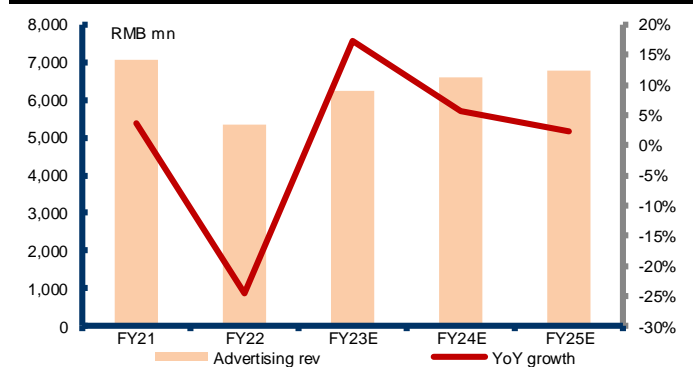
Source: Company data, CMBIGM

Figure 6: iQIYI's quarterly ads rev estimates



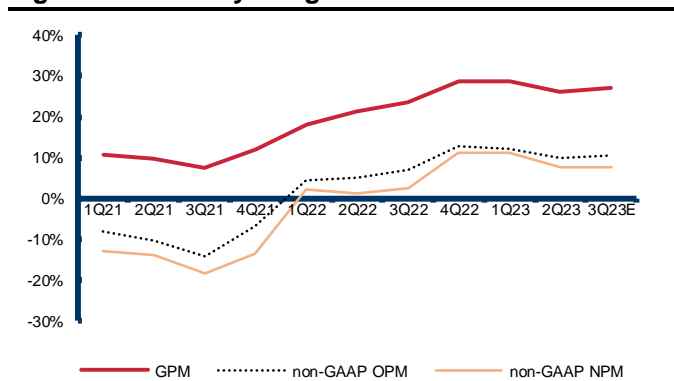
Source: Company data, CMBIGM estimates

Figure 7: iQIYI's yearly ads rev estimates



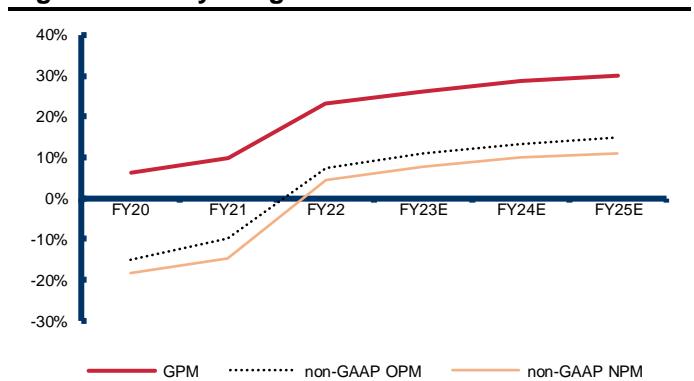
Source: Company data, CMBIGM estimates

Figure 8: Quarterly margin estimates



Source: Company data, CMBIGM estimates

Figure 9: Yearly margin estimates



Source: Company data, CMBIGM estimates

Figure 10: DCF valuation

DCF valuation (RMB mn)										
	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBIT	3,505	4,630	5,300	5,974	7,257	8,189	9,028	9,887	10,678	11,212
Tax	(100)	(275)	(512)	(512)	(674)	(806)	(928)	(1,045)	(1,068)	(1,121)
D&A	13,211	13,472	13,939	14,530	15,012	15,462	15,923	16,394	17,213	18,074
Working capital	(9,690)	(13,600)	(14,106)	(14,581)	(15,113)	(15,573)	(15,991)	(16,496)	(17,320)	(18,186)
CAPEX	(907)	(934)	(1,017)	(1,049)	(1,096)	(1,110)	(1,109)	(1,121)	(1,177)	(1,224)
FCF	6,019	3,293	3,603	4,362	5,386	6,162	6,923	7,619	8,326	8,754
FCF Growth		-45%	9%	21%	23%	14%	12%	10%	9%	5%
Terminal Value										93,771
PV (FCF+ Terminal Value)	6,019	2,924	2,841	3,054	3,349	3,402	3,394	3,317	3,218	35,191

Assumptions	
WACC	12.6%
Tax rate	15.0%
Risk free rate	3.6%
Beta	1.10
Market risk return	11.8%
Terminal growth rate	3.0%

Equity Value	
PV	66,709
minus: Net cash	8,155
minus: Minority Interest	0
Equity Value	58,553
Shares (mn)	947
Target Price (US\$) based on DCF	8.6

		WACC					
		11%	12%	13%	14%	15%	
Growth	1.5%	9.6	8.5	7.9	6.8	6.2	
	2.0%	9.9	8.7	8.1	7.0	6.3	
	2.5%	10.3	9.0	8.3	7.1	6.5	
	3.0%	10.7	9.3	8.6	7.3	6.6	
	3.5%	11.1	9.6	8.9	7.5	6.7	
	4.0%	11.7	10.0	9.2	7.7	6.9	
	4.5%	12.3	10.5	9.6	8.0	7.1	

Source: CMBIGM estimates

**Figure 11: CMBIGM estimates vs consensus**

RMB mn, Dec-YE	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	32,382	34,581	35,952	32,452	34,760	37,111	-0.2%	-0.5%	-3.1%
Gross Profit	8,500	9,932	10,804	8,833	10,261	11,446	-3.8%	-3.2%	-5.6%
Operating Profit	2,539	3,599	4,227	2,952	4,060	4,791	-14.0%	-11.4%	-11.8%
Adj. net profit	2,523	3,442	3,908	2,488	3,511	4,233	1.4%	-2.0%	-7.7%
EPS (RMB)	2.66	3.62	4.08	2.32	3.25	4.08	14.6%	11.1%	0.0%
Gross Margin	26.2%	28.7%	30.1%	27.2%	29.5%	30.8%	-1.0ppts	-0.8ppts	-0.8ppts
Operating Margin	7.8%	10.4%	11.8%	9.1%	11.7%	12.9%	-1.3ppts	-1.3ppts	-1.2ppts
Net Margin	7.8%	10.0%	10.9%	7.7%	10.1%	11.4%	+0.1ppts	-0.1ppts	-0.5ppts

Source: CMBIGM estimates, Bloomberg

**Figure 12: Comps table**

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS			FY23-25 EPS CAGR
							FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	
<b>IQIYI</b>	<b>IQ US</b>	<b>4,447</b>	<b>USD</b>	<b>4.7</b>	<b>BUY</b>	<b>8.6</b>	<b>12.7</b>	<b>9.4</b>	<b>8.3</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>24%</b>
<b>Internet giants</b>													
Tencent	700 HK	365,788	HKD	300	BUY	458	18.3	15.4	13.5	4.3	3.9	3.5	16%
Alibaba	BABA US	213,419	USD	84	BUY	155	9.2	8.6	7.7	1.6	1.5	1.4	12%
Disney	DIS US	157,727	USD	86	NA	NA	25.5	18.0	15.2	1.8	1.7	1.6	26%
Netflix	NFLX US	157,636	USD	356	NA	NA	29.3	23.2	19.1	4.7	4.1	3.7	25%
Average							17.7	16.3	13.9	3.1	2.8	2.5	20%
<b>VAS &amp; Subscribers</b>													
Kuaishou	1024 HK	32,866	HKD	59	BUY	97	32.2	17.3	11.4	2.1	1.8	1.6	71%
Mango	300413 CH	6,826	CNY	27	NA	NA	21.2	18.0	15.9	3.2	2.8	2.6	16%
Bilibili	BILI US	5,581	USD	13	BUY	26	NA	NA	50.3	1.8	1.5	1.3	NA
TME	TME US	11,601	USD	7	BUY	9	14.4	13.7	12.1	3.1	3.1	2.8	9%
Huya	HUYA US	797	USD	3	BUY	6	NA	86.9	17.9	0.9	0.9	0.8	NA
Douyu	DOYU US	309	USD	1	NA	NA	18.1	18.2	18.2	0.4	0.4	0.4	13%
Momo	MOMO US	1,358	USD	7	HOLD	14	4.7	4.6	4.3	0.8	0.8	0.8	5%
YY	YY US	2,503	USD	40	BUY	51	10.9	10.8	9.5	1.1	1.0	1.0	11%
China Literature	772 HK	3,675	HKD	28	NA	NA	18.1	15.8	14.1	3.5	3.2	2.9	13%
Average							14.6	14.0	12.9	1.9	1.7	1.6	11%
<b>Film, TV &amp; IP</b>													
Linmon Media	9857 HK	401	HKD	9	NA	NA	9.1	5.4	NA	2.0	1.4	NA	NA
Strawbear entertain	2125 HK	50	HKD	1	BUY	4	NA	NA	NA	NA	NA	NA	NA
Average							9.1	5.4	NA	2.0	1.4	NA	NA
<b>Advertising</b>													
Baidu	BIDU US	41,868	USD	120	BUY	201	12.0	11.5	10.2	2.2	2.0	1.9	9%
Weibo	WB US	2,894	USD	12	BUY	25	5.7	5.2	4.8	1.6	1.5	1.4	9%
Facebook	META US	833,704	USD	324	NA	NA	23.8	18.8	16.9	6.3	5.6	5.0	20%
Snapchat	SNAP US	15,725	USD	10	NA	NA	NA	NA	51.5	3.5	3.1	2.6	NA
Average							13.8	11.8	10.6	2.4	2.2	2.7	12%
<b>Average</b>							<b>15.7</b>	<b>13.4</b>	<b>12.7</b>	<b>2.3</b>	<b>2.0</b>	<b>1.9</b>	<b>14%</b>

Source: Bloomberg, CMBIGM estimates

## Key Investment Risks

Key investment risks may derive from: 1) key content delay; 2) regulatory uncertainty; 3) slower-than-expected ads recovery for macro uncertainty; and 4) competition from SFV.

## Financial Summary

### Income statement

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Revenue</b>	30,554	28,998	32,382	34,581	35,952
Membership services	16,714	17,711	20,669	22,293	23,373
Online advertising services	7,067	5,332	6,257	6,615	6,770
Content distribution	2,856	2,470	2,396	2,492	2,566
Others	3,918	3,485	3,061	3,182	3,243
<b>COGS</b>	(27,513)	(22,319)	(23,882)	(24,650)	(25,148)
<b>Gross profit</b>	3,041	6,678	8,500	9,932	10,804
S&M	(4,725)	(3,467)	(3,887)	(4,181)	(4,361)
Admin.Exp.					
R&D	(2,795)	(1,899)	(2,074)	(2,153)	(2,216)
<b>Operating profit</b>	(4,479)	1,312	2,539	3,599	4,227
Other income/(exp), net	(1,533)	(1,346)	(822)	(849)	(813)
<b>Pre-tax Income</b>	(6,012)	(34)	1,717	2,749	3,414
Income Tax	(97)	(84)	(100)	(275)	(512)
<b>Net profit</b>	(6,251)	(155)	1,617	2,474	2,902
<b>Adj. net profit</b>	(4,549)	1,266	2,523	3,442	3,908

### Cash flow summary

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Net income</b>	(6,170)	(136)	1,617	2,474	2,902
D&A	16,766	16,475	13,211	13,472	13,939
Change in WC	(17,586)	(18,346)	(9,690)	(13,600)	(14,106)
Others	977	1,937	906	968	1,006
<b>Operating CF</b>	(6,013)	(71)	6,043	3,314	3,740
Capex	(401)	(841)	(907)	(934)	(1,017)
Purchase of long-term investments	(386)	582	-	-	-
Others	2,049	525	-	-	-
<b>Investing CF</b>	1,262	266	(907)	(934)	(1,017)
Equity raised	268	-	-	-	-
Change of Debts	259	(240)	1,339	(469)	(422)
Cash from CB raised	632	5,222	-	-	-
Others	(4,119)	(513)	-	-	-
<b>Financing CF</b>	(2,959)	4,469	1,339	(469)	(422)
<b>Net change in cash</b>	(7,927)	4,664	6,475	1,912	2,301
Cash (beg of yr)	10,941	3,075	7,112	13,587	15,499
FX	(217)	-	-	-	-
<b>Cash (end of yr)</b>	3,075	7,112	13,587	15,499	17,800

### Balance sheet

YE 31 Dec (RMB mn)	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Non-current assets</b>	30,948	32,263	29,385	30,917	32,416
Fixed asset	1,345	1,105	1,846	2,088	2,291
Long-term investments	3,035	2,454	2,454	2,454	2,454
Licensed copyrights, net	7,258	6,841	6,794	7,096	7,408
Others	19,310	21,864	18,292	19,280	20,263
<b>Current assets</b>	11,524	13,786	21,631	23,757	26,114
Cash	2,997	7,098	13,573	15,485	17,786
Restricted cash	78	14	14	14	14
Short-term investments	1,348	818	818	818	818
Account receivable	2,748	2,403	3,045	3,205	3,282
Others	4,353	3,453	4,181	4,236	4,213
<b>Current liabilities</b>	22,476	28,130	30,122	30,338	30,286
Account payable	8,896	5,993	7,788	8,038	8,132
Customer advances and deferred revenue	3,485	4,232	3,855	4,117	4,280
Accrued liabilities	3,172	2,626	2,914	3,008	3,069
Short-term borrowings	4,118	3,348	4,687	4,218	3,796
Others	2,806	11,931	10,878	10,958	11,009
<b>Non-current liabilities</b>	14,323	11,575	11,575	11,575	11,575
Convertible senior notes	12,652	9,568	9,568	9,568	9,568
Others	1,670	2,007	2,007	2,007	11,575
MI	88	93	93	93	93
<b>Total Equity</b>	5,364	6,436	10,471	13,912	17,820
<b>Shareholders' equity</b>	5,276	6,343	10,378	13,820	17,728

### Key ratios

YE 31 Dec	FY21A	FY22A	FY23E	FY24E	FY25E
<b>Sales mix (%)</b>					
Membership services	54.7	61.1	63.8	64.5	65.0
Online advertising services	23.1	18.4	19.3	19.1	18.8
Content distribution	9.3	8.5	7.4	7.2	7.1
Others	12.8	12.0	9.5	9.2	9.0
<b>Total</b>	100.0	100.0	100.0	100.0	100.0
<b>Growth rate (%)</b>					
Revenue	2.9	(5.1)	11.7	6.8	4.0
Gross profit	66.8	119.6	27.3	16.8	8.8
EBIT	NA	NA	93.4	41.8	17.5
Adj. net profit	NA	NA	99.3	36.4	13.5
<b>P&amp;L ratios (%)</b>					
Operating margin	(14.7)	4.5	7.8	10.4	11.8
Pre-tax margin	(19.7)	(0.1)	5.3	7.9	9.5
Adj. net margin	(14.9)	4.4	7.8	10.0	10.9
Effective tax rate	(0.3)	(0.3)	(0.3)	(0.8)	(1.4)
<b>Returns (%)</b>					
ROE	(106.0)	(0.5)	18.4	21.5	20.5
ROA	(10.7)	2.7	4.9	6.3	6.7
<b>Per share</b>					
EPS (RMB)	(5.64)	1.50	2.66	3.62	4.08
DPS (RMB)	0.00	0.00	0.00	0.00	0.00
BVPS (RMB)	0.96	1.00	1.58	2.09	2.66

Source: Company data, CMBIGM estimates



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