

# Kuaishou (1024 HK)

## Share gain to continue with earnings upside

Kuaishou would deliver another upbeat results in 2Q23E, with stronger topline (+26% YoY) and bottom line (RMB1.4bn). Given eye-catching 618 sales, KS ecommerce is expected to outperform with GMV/rev +34%/55% YoY (vs. prior +30%/50%). We expect further ecommerce upside from shelf-based mall and higher traffic efficiency with Chuanliu Plan and upgraded ecosystem. Ads would accelerate to +28% YoY, in which external ads resumed growth. We expect 2H23E ads momentum to continue, with low base and multiple vertical recovery. We trimmed its topline by 0.7%-1.0%, but lifted its earnings forecast by 8-9% in FY23-25E, with unchanged TP at HK\$97.

- **Stronger 2Q23E ahead.** We expect KS to deliver upbeat 2Q23 results, with rev up 26% YoY (vs. prior +25%), and adj. net profit at RMB1.4bn (vs. RMB1.1-1.2bn of guidance). Such stronger topline was driven by other services (+55% YoY, vs. prior +50%) and solid ads (+28% YoY, vs. prior +25%), while margin beat on higher GPM and narrower overseas loss. 2Q23E user metrics trends well, and we forecast DAU at 370mn and time spent per DAU stable at 115-120mins.
- **Ecommerce & ads to outperform, despite livestreaming disruptions.** Given eye-catching 618 promotions, we are more positive on KS's ecommerce growth in 2Q23E (forecasting GMV/rev +34%/55% YoY), backed by its mechanism enhancement and higher merchants ROI. We forecast ecommerce GMV >20% CAGR in FY23-25E, with rising penetration, richer offerings and algorithm optimization, and shelf-based mall would unlock its TAM (mall feature entered into Level I access testing in 2Q23). Ads share gain continued in 2Q23E (forecasting +28% YoY), in which externals ads resumed positive YoY growth with multiple verticals recovery (e.g. game, online services), and internal ads delivered higher growth than GMV. Livestreaming momentum might be disrupted by self-inspection and adjustment of agents & MCN from Jun (forecasting rev +16% YoY in 2Q23E, vs. prior +20%), and would normalize to high-single-digit growth in 2H23E.
- **Expecting further earnings upside.** We forecast 2Q23E adj. NP at RMB1.4bn, with higher GPM (forecasting 47.5% vs. prior 46.5%, for strong ecommerce). S&M expense would be largely in line. Overseas market performed well, with improving topline and narrowing loss.
- **Maintain BUY.** To factor in livestreaming normalization and better margin outlook, we trimmed FY23-25E topline by 0.7-1.0% but raised earnings by 8-9%. Our SOTP-based TP was unchanged at HK\$97, with higher ecommerce & ads valuation (multiple unchanged) to offset currency change.

### Earnings Summary

| (YE 31 Dec)              | FY21A    | FY22A    | FY23E    | FY24E    | FY25E    |
|--------------------------|----------|----------|----------|----------|----------|
| Revenue (RMB mn)         | 81,082   | 94,183   | 112,326  | 128,336  | 144,335  |
| YoY growth (%)           | 37.9     | 16.2     | 19.3     | 14.3     | 12.5     |
| Adj. net income (RMB mn) | (18,852) | (5,751)  | 4,176    | 9,634    | 17,228   |
| Adj. EPS (RMB)           | (4.7)    | (1.3)    | 0.9      | 2.1      | 3.6      |
| YoY growth (%)           | NA       | NA       | NA       | 131      | 79       |
| Consensus EPS (RMB)      | NA       | NA       | 0.8      | 2.6      | 4.5      |
| P/E (x)                  | NA       | NA       | 53       | 23       | 13       |
| P/S (x)                  | 2.7      | 2.4      | 2.0      | 1.7      | 1.5      |
| Net gearing (%)          | Net cash | Net cash | Net cash | Net cash | Net cash |

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

|               |          |
|---------------|----------|
| Target Price  | HK\$97   |
| (Previous TP  | HK\$97)  |
| Up/Downside   | +70.2%   |
| Current Price | HK\$57.0 |

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### Stock Data

|                          |             |
|--------------------------|-------------|
| Mkt Cap (HK\$ mn)        | 249,098     |
| Avg 3 mths t/o (HK\$ mn) | 1,089.89    |
| 52w High/Low (HK\$)      | 86.30/31.75 |
| Total Issued Shares (mn) | 3,570       |
| Source: Bloomberg        |             |

### Shareholding Structure

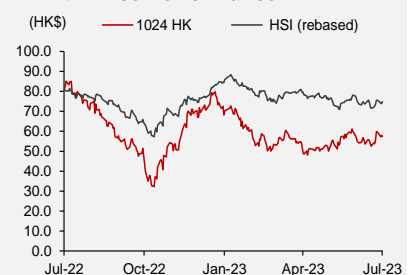
|                         |       |
|-------------------------|-------|
| Tencent                 | 19.0% |
| Morningside Venture Cap | 15.8% |
| DCM LP                  | 5.0%  |
| Source: Bloomberg       |       |

### Share Performance

|       | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 0.2%     | 5.3%     |
| 3-mth | 12.0%    | 20.4%    |
| 6-mth | -15.0%   | -2.9%    |

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

### Auditor: PwC

**Figure 1: 2Q23E financial preview**

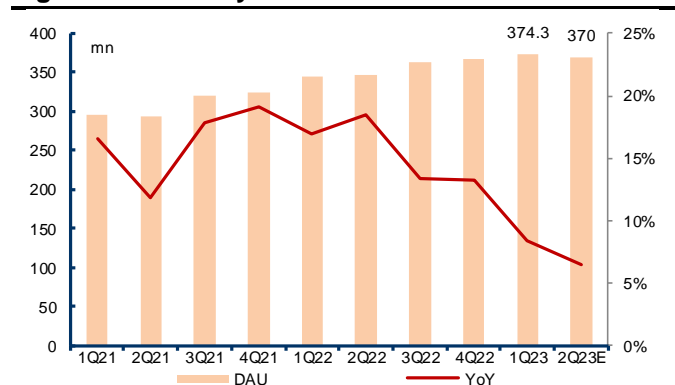
| RMB mn            | 1Q21     | 2Q21    | 3Q21    | 4Q21    | 1Q22    | 2Q22    | 3Q22    | 4Q22    | 1Q23   | 2Q23E  | QoQ | YoY | Consensus | Diff % |
|-------------------|----------|---------|---------|---------|---------|---------|---------|---------|--------|--------|-----|-----|-----------|--------|
| Revenue           | 17,019   | 19,139  | 20,493  | 24,430  | 21,067  | 21,695  | 23,128  | 28,292  | 25,217 | 27,243 | 8%  | 26% | 27,155    | 0%     |
| Operating Profit  | (7,292)  | (7,215) | (7,404) | (5,790) | (5,643) | (3,059) | (2,612) | (1,243) | (698)  | 626    | NA  | NA  | (60)      | NA     |
| Net profit        | (57,750) | (7,035) | (7,086) | (6,202) | (6,254) | (3,176) | (2,712) | (1,547) | (876)  | 379    | NA  | NA  | (82)      | NA     |
| Adj. net profit   | (5,896)  | (4,770) | (4,616) | (3,569) | (3,722) | (1,312) | (672)   | (45)    | 42     | 1,379  | NA  | NA  | 1,168     | 18%    |
| <b>Margin (%)</b> |          |         |         |         |         |         |         |         |        |        |     |     |           |        |
| Gross Margin      | 41.1%    | 43.8%   | 41.5%   | 41.5%   | 41.7%   | 45.0%   | 46.3%   | 45.5%   | 46.4%  | 47.5%  |     |     | 45.5%     |        |
| Operating Margin  | -42.8%   | -37.7%  | -36.1%  | -23.7%  | -26.8%  | -14.1%  | -11.3%  | -4.4%   | -2.8%  | 2.3%   |     |     | -0.2%     |        |
| Adj. net margin   | -34.6%   | -24.9%  | -22.5%  | -14.6%  | -17.7%  | -6.0%   | -2.9%   | -0.2%   | 0.2%   | 5.1%   |     |     | 4.3%      |        |
| <b>Growth (%)</b> |          |         |         |         |         |         |         |         |        |        |     |     |           |        |
| Revenue (YoY)     | 36.6%    | 48.8%   | 33.4%   | 35.0%   | 23.8%   | 13.4%   | 12.9%   | 15.8%   | 19.7%  | 25.6%  |     |     | 25.2%     |        |
| Revenue (QoQ)     | -6.0%    | 12.5%   | 7.1%    | 19.2%   | -13.8%  | 3.0%    | 6.6%    | 22.3%   | -10.9% | 8.0%   |     |     | 7.7%      |        |
| Operating Profit  | NA       | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA     | NA     |     |     | NA        |        |
| Adj. net profit   | NA       | NA      | NA      | NA      | NA      | NA      | NA      | NA      | NA     | NA     |     |     | NA        |        |

Source: Company data, Bloomberg, CMBIGM estimates

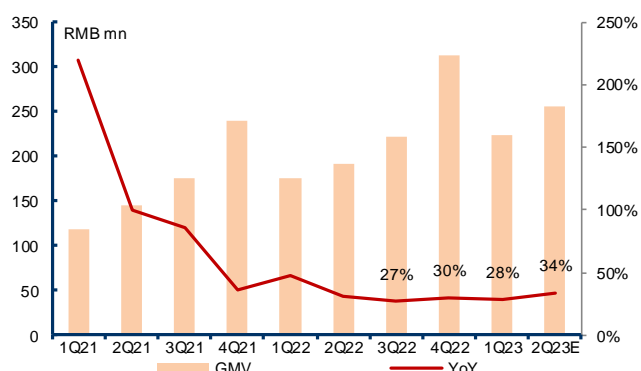
**Figure 2: 2Q23E revenue breakdown**

| RMB mn                    | 1Q21          | 2Q21          | 3Q21          | 4Q21          | 1Q22          | 2Q22          | 3Q22          | 4Q22          | 1Q23          | 2Q23E         | QoQ       | YoY        |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------|------------|
| <b>Total revenue</b>      | <b>17,019</b> | <b>19,139</b> | <b>20,493</b> | <b>24,430</b> | <b>21,067</b> | <b>21,695</b> | <b>23,128</b> | <b>28,292</b> | <b>25,217</b> | <b>27,243</b> | <b>8%</b> | <b>26%</b> |
| Online marketing services | 8,558         | 9,962         | 10,909        | 13,236        | 11,351        | 11,006        | 11,590        | 15,094        | 13,064        | 14,053        | 8%        | 28%        |
| Live streaming            | 7,250         | 7,193         | 7,724         | 8,827         | 7,842         | 8,565         | 8,947         | 10,034        | 9,319         | 9,908         | 6%        | 16%        |
| Other services            | 1,211         | 1,983         | 1,860         | 2,367         | 1,873         | 2,124         | 2,592         | 3,164         | 2,834         | 3,282         | 16%       | 55%        |

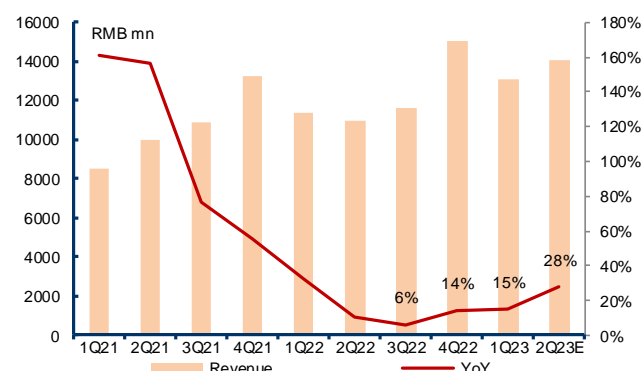
Source: Company data, CMBIGM estimates

**Figure 3: Quarterly DAU estimates**

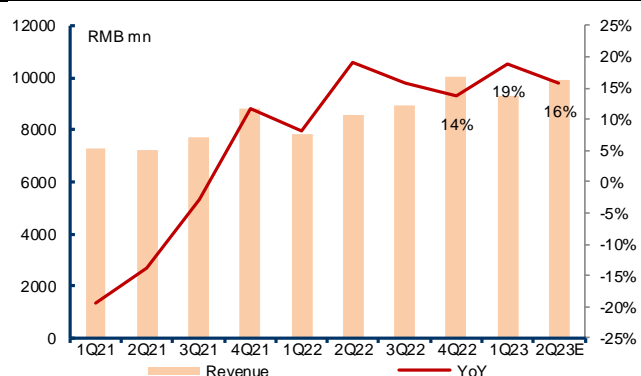
Source: Company data, CMBIGM estimates

**Figure 4: Quarterly GMV estimates**

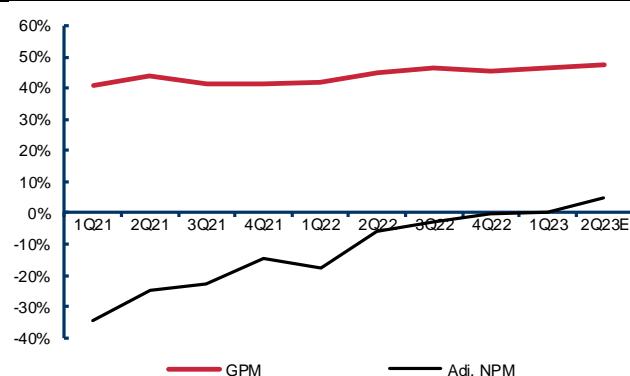
Source: Company data, CMBIGM estimates

**Figure 5: Quarterly ads rev estimates**

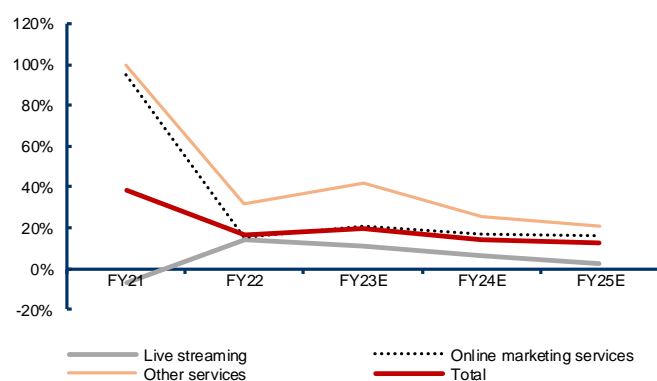
Source: Company data, CMBIGM estimates

**Figure 6: Quarterly livestreaming rev estimates**

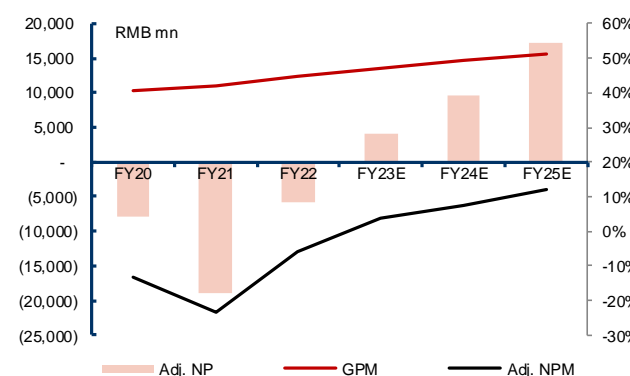
Source: Company data, CMBIGM estimates

**Figure 7: Quarterly margin estimates**

Source: Company data, CMBIGM estimates

**Figure 8: Yearly revenue growth estimates**

Source: Company data, CMBIGM estimates

**Figure 9: Yearly margin estimates**

Source: Company data, CMBIGM estimates

## Maintain BUY with unchanged TP at HK\$97

To factor in livestreaming normalization and stronger ads & ecommerce momentum, we trimmed FY23-25E rev forecast by 0.7-1.0%. We lifted its adj. NPM by 0.3-0.9ppt in FY23-25E, to reflect better GPM and effective cost control in overseas biz. Our SOTP-based TP was unchanged at HK\$97, considering higher valuation of ecommerce (stronger GMV) and ads to offset currency change and lower valuation of livestreaming (multiple assigned unchanged).

**Figure 10: CMBIGM estimates vs consensus**

| RMB mn, Dec-YE   | CMBIGM  |         |         | Consensus |         |         | Diff (%) |          |          |
|------------------|---------|---------|---------|-----------|---------|---------|----------|----------|----------|
|                  | FY23E   | FY24E   | FY25E   | FY23E     | FY24E   | FY25E   | FY23E    | FY24E    | FY25E    |
| Revenue          | 112,326 | 128,336 | 144,335 | 113,542   | 130,654 | 147,308 | -1.1%    | -1.8%    | -2.0%    |
| Gross Profit     | 52,823  | 63,377  | 74,234  | 52,817    | 64,180  | 76,113  | 0.0%     | -1.3%    | -2.5%    |
| Operating Profit | (1,810) | 4,543   | 12,393  | (1,017)   | 5,692   | 13,711  | NA       | -20.2%   | -9.6%    |
| Adj. net profit  | 4,176   | 9,634   | 17,228  | 3,609     | 10,969  | 19,457  | 15.7%    | -12.2%   | -11.5%   |
| Adj. EPS (RMB)   | 0.92    | 2.08    | 3.65    | 0.8       | 2.6     | 4.5     | 10.6%    | -18.7%   | -18.3%   |
| Gross Margin     | 47.0%   | 49.4%   | 51.4%   | 46.5%     | 49.1%   | 51.7%   | +0.5ppts | +0.3ppts | -0.2ppts |
| Operating Margin | -1.6%   | 3.5%    | 8.6%    | -0.9%     | 4.4%    | 9.3%    | -0.7ppts | -0.8ppts | -0.7ppts |
| Adj. net margin  | 3.7%    | 7.5%    | 11.9%   | 3.2%      | 8.4%    | 13.2%   | +0.5ppts | -0.9ppts | -1.3ppts |

Source: CMBIGM estimates, Bloomberg

**Figure 11: Earnings revision**

| RMB mn, Dec-YE   | New     |         |         | Old     |         |         | Diff (%) |          |          |
|------------------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
|                  | FY23E   | FY24E   | FY25E   | FY23E   | FY24E   | FY25E   | FY23E    | FY24E    | FY25E    |
| Revenue          | 112,326 | 128,336 | 144,335 | 113,461 | 129,466 | 145,390 | -1.0%    | -0.9%    | -0.7%    |
| Gross Profit     | 52,823  | 63,377  | 74,234  | 52,804  | 63,295  | 74,052  | 0.0%     | 0.1%     | 0.2%     |
| Operating Profit | (1,810) | 4,543   | 12,393  | (2,182) | 3,714   | 10,929  | NA       | 22.3%    | 13.4%    |
| Adj. net profit  | 4,176   | 9,634   | 17,228  | 3,823   | 8,929   | 15,983  | 9.2%     | 7.9%     | 7.8%     |
| EPS (RMB)        | 0.92    | 2.08    | 3.65    | 0.84    | 1.93    | 3.4     | 9.2%     | 7.9%     | 7.8%     |
| Gross Margin     | 47.0%   | 49.4%   | 51.4%   | 46.5%   | 48.9%   | 50.9%   | +0.5ppts | +0.5ppts | +0.5ppts |
| Operating Margin | -1.6%   | 3.5%    | 8.6%    | -1.9%   | 2.9%    | 7.5%    | +0.3ppts | +0.7ppts | +1.1ppts |
| Net Margin       | 3.7%    | 7.5%    | 11.9%   | 3.4%    | 6.9%    | 11.0%   | +0.3ppts | +0.6ppts | +0.9ppts |

Source: Company data, CMBIGM estimates

Figure 12: SOTP Valuation

| Business (RMB mn)       | '23E Rev or GMV | Methodology | Multiple | Valuation | Stakes | Value   |
|-------------------------|-----------------|-------------|----------|-----------|--------|---------|
| Live streaming          | 39,333          | EV/Sales    | 1.0x     | 39,333    | 100%   | 39,333  |
| Advertising             | 59,161          | EV/Sales    | 2.0x     | 118,322   | 100%   | 118,322 |
| Ecommerce               | 1,207,550       | P/GMV       | 0.16x    | 193,208   | 100%   | 193,208 |
| Enterprise Value        |                 |             |          |           |        | 350,863 |
| (+) Net Cash            |                 |             |          |           |        | 25,828  |
| Equity Value            |                 |             |          |           |        | 376,691 |
| FX                      |                 |             |          |           |        | 0.9     |
| Valuation (HK\$ mn)     |                 |             |          |           |        | 423,248 |
| TP (HK\$) based on SOTP |                 |             |          |           |        | 97      |

Source: CMBIGM estimates

Figure 13: Comps table

| Company                        | Ticker    | Mkt cap<br>(USD mn) | Currency | Price | CMBI<br>Rating | CMBI<br>TP | PE    |       |       | PS    |       |       | FY23-25<br>CAGR |
|--------------------------------|-----------|---------------------|----------|-------|----------------|------------|-------|-------|-------|-------|-------|-------|-----------------|
|                                |           |                     |          |       |                |            | FY23E | FY24E | FY25E | FY23E | FY24E | FY25E |                 |
| Kuaishou                       | 1024 HK   | 31,842              | HKD      | 57    | BUY            | 97         | 53.3  | 23.1  | 12.9  | 2.0   | 1.7   | 1.5   | 103%            |
| <b>Game</b>                    |           |                     |          |       |                |            |       |       |       |       |       |       |                 |
| Tencent                        | 700 HK    | 408,010             | HKD      | 333   | BUY            | 455        | 20.2  | 16.8  | 15.1  | 4.7   | 4.2   | 3.8   | 16%             |
| NetEase                        | NTES US   | 66,372              | USD      | 103   | BUY            | 123        | 18.2  | 16.7  | 15.1  | 4.5   | 4.1   | 3.7   | 7%              |
| XD Inc.                        | 2400 HK   | 1,089               | HKD      | 18    | NA             | NA         | 67.1  | 22.7  | 12.7  | 1.8   | 1.5   | 1.2   | 212%            |
| Average                        |           |                     |          |       |                |            | 19.2  | 16.7  | 14.3  | 3.7   | 3.3   | 2.9   | 12%             |
| <b>Livestreaming &amp; VAS</b> |           |                     |          |       |                |            |       |       |       |       |       |       |                 |
| Bilibili                       | BILI US   | 6,540               | USD      | 16    | BUY            | 27         | NA    | NA    | 49.4  | 1.9   | 1.7   | 1.5   | NA              |
| Momo                           | MOMO US   | 1,941               | USD      | 10    | HOLD           | 14         | 6.5   | 6.0   | 5.7   | 1.1   | 1.1   | 1.0   | 6%              |
| YY                             | YY US     | 2,297               | USD      | 33    | BUY            | 46         | 16.3  | 14.3  | 11.8  | 1.0   | 0.9   | 0.9   | 21%             |
| Huya                           | HUYA US   | 758                 | USD      | 3     | BUY            | 7          | NA    | 68.1  | 25.7  | 0.6   | 0.6   | 0.6   | NA              |
| Douyu                          | DOYU US   | 337                 | USD      | 1     | NA             | NA         | NA    | NA    | 56.0  | 0.4   | 0.4   | 0.4   | 352%            |
| TME                            | TME US    | 12,047              | USD      | 7     | BUY            | 11         | 13.9  | 13.1  | 11.9  | 2.9   | 2.7   | 2.5   | 9%              |
| Mango                          | 300413 CH | 8,701               | CNY      | 33    | NA             | NA         | 26.1  | 22.3  | 19.3  | 3.9   | 3.5   | 3.2   | 17%             |
| iQIYI                          | IQ US     | 5,030               | USD      | 5     | BUY            | 9          | 15.5  | 10.6  | 8.3   | 1.1   | 1.0   | 1.0   | 34%             |
| Average                        |           |                     |          |       |                |            | 15.6  | 13.3  | 11.4  | 1.6   | 1.5   | 1.4   | 17%             |
| <b>Advertising</b>             |           |                     |          |       |                |            |       |       |       |       |       |       |                 |
| Baidu                          | BIDU US   | 50,237              | USD      | 144   | BUY            | 195        | 15.3  | 13.9  | 12.1  | 2.6   | 2.4   | 2.2   | 10%             |
| Weibo                          | WB US     | 3,244               | USD      | 14    | BUY            | 22         | 6.2   | 5.5   | 5.1   | 1.7   | 1.6   | 1.5   | 10%             |
| Average                        |           |                     |          |       |                |            | 10.7  | 9.7   | 8.6   | 2.2   | 2.0   | 1.8   | 10%             |
| <b>Ecommerce</b>               |           |                     |          |       |                |            |       |       |       |       |       |       |                 |
| Alibaba                        | BABA US   | 238,057             | USD      | 92    | BUY            | 157        | 10.7  | 10.2  | 8.9   | 1.8   | 1.7   | 1.5   | 13%             |
| JD.com                         | JD US     | 57,306              | USD      | 36    | BUY            | 63         | 12.8  | 10.8  | 9.2   | 0.4   | 0.3   | 0.3   | 17%             |
| Pinduoduo                      | PDD US    | 95,120              | USD      | 75    | BUY            | 109        | 14.8  | 11.6  | 9.3   | 3.8   | 3.1   | 2.6   | 22%             |
| Vipshop                        | VIPS US   | 9,302               | USD      | 17    | NA             | NA         | 8.5   | 8.1   | 7.7   | 0.6   | 0.6   | 0.5   | 5%              |
| Average                        |           |                     |          |       |                |            | 11.7  | 10.2  | 8.8   | 1.6   | 1.4   | 1.3   | 14%             |
| <b>Global entertainment</b>    |           |                     |          |       |                |            |       |       |       |       |       |       |                 |
| Meta Platforms                 | META US   | 809,849             | USD      | 316   | NA             | NA         | 25.6  | 20.5  | 18.8  | 6.4   | 5.7   | 5.2   | 16%             |
| Netflix                        | NFLX US   | 212,308             | USD      | 478   | NA             | NA         | 41.2  | 31.3  | 25.3  | 6.2   | 5.5   | 5.0   | 28%             |
| Snapchat                       | SNAP US   | 21,091              | USD      | 13    | NA             | NA         | NA    | 68.4  | 31.2  | 4.7   | 4.1   | 3.5   | 118%            |
| Average                        |           |                     |          |       |                |            | 33.4  | 25.9  | 22.1  | 5.8   | 5.1   | 4.5   | 22%             |
| Average                        |           |                     |          |       |                |            | 16.8  | 14.1  | 12.3  | 2.6   | 2.3   | 2.1   | 16%             |

Source: Bloomberg, CMBIGM estimates

## Financial Summary

### Income statement

| YE 31 Dec (RMB mn)        | FY21A    | FY22A    | FY23E    | FY24E    | FY25E    |
|---------------------------|----------|----------|----------|----------|----------|
| <b>Revenue</b>            | 81,082   | 94,183   | 112,326  | 128,336  | 144,335  |
| Live streaming            | 30,995   | 35,388   | 39,333   | 41,692   | 42,735   |
| Online marketing services | 42,665   | 49,042   | 59,161   | 69,296   | 80,614   |
| Other services            | 7,421    | 9,753    | 13,832   | 17,348   | 20,987   |
| <b>COGS</b>               | (47,052) | (52,051) | (59,503) | (64,960) | (70,101) |
| <b>Gross profit</b>       | 34,030   | 42,131   | 52,823   | 63,377   | 74,234   |
| S&M                       | (44,176) | (37,121) | (37,509) | (39,984) | (41,811) |
| Admin.Exp.                | (3,400)  | (3,921)  | (4,168)  | (4,576)  | (4,797)  |
| R&D                       | (14,956) | (13,784) | (13,556) | (14,773) | (15,733) |
| Other gains               | 801      | 137      | 600      | 500      | 500      |
| <b>Operating profit</b>   | (27,701) | (12,558) | (1,810)  | 4,543    | 12,393   |
| Other income/(exp)        | (51,314) | 166      | 97       | 153      | 247      |
| <b>Pre-tax Income</b>     | (79,102) | (12,531) | (1,725)  | 4,693    | 12,640   |
| Income Tax                | 1,025    | (1,158)  | (139)    | (1,439)  | (2,661)  |
| <b>Net profit</b>         | (78,077) | (13,689) | (1,864)  | 3,254    | 9,979    |
| <b>Adj. net profit</b>    | (18,852) | (5,751)  | 4,176    | 9,634    | 17,228   |

### Cash flow summary

| YE 31 Dec (RMB mn)        | FY21A    | FY22A    | FY23E    | FY24E    | FY25E    |
|---------------------------|----------|----------|----------|----------|----------|
| <b>Net income</b>         | (78,077) | (13,689) | (1,864)  | 3,254    | 9,979    |
| D&A                       | 6,885    | 6,306    | 6,936    | 8,000    | 8,697    |
| Change in WC              | 2,444    | (2,631)  | 3,473    | 2,446    | 2,266    |
| Others                    | 63,229   | 12,203   | 4,500    | 4,900    | 5,100    |
| <b>Operating CF</b>       | (5,519)  | 2,189    | 13,045   | 18,600   | 26,041   |
| Capex                     | (5,789)  | (9,181)  | (11,210) | (10,802) | (13,228) |
| Purchase of investments   | -        | -        | -        | -        | -        |
| Others                    | (12,572) | (8,367)  | 47       | 47       | 47       |
| <b>Investing CF</b>       | (18,361) | (17,548) | (11,163) | (10,755) | (13,180) |
| Equity raised             | 39,386   | -        | -        | -        | -        |
| Change of Debts           | -        | -        | -        | -        | -        |
| Cash from CB raised       | -        | -        | -        | -        | -        |
| Others                    | (2,885)  | (4,482)  | -        | -        | -        |
| <b>Financing CF</b>       | 36,500   | (4,482)  | -        | -        | -        |
| <b>Net change in cash</b> | 12,620   | (19,841) | 1,883    | 7,845    | 12,861   |
| Cash (beg of yr)          | 20,392   | 32,612   | 13,274   | 15,651   | 23,991   |
| FX                        | (399)    | 494      | 494      | 494      | 494      |
| <b>Cash (end of yr)</b>   | 32,612   | 13,274   | 15,651   | 23,991   | 37,346   |

### Balance sheet

| YE 31 Dec (RMB mn)                                    | FY21A  | FY22A  | FY23E  | FY24E  | FY25E  |
|---|--------|--------|--------|--------|--------|
| <b>Non-current assets</b>                             | 39,505 | 43,449 | 49,027 | 51,287 | 55,277 |
| Property and equipment                                | 11,051 | 13,215 | 11,828 | 14,905 | 19,981 |
| Right-of-use assets                                   | 12,562 | 10,806 | 18,769 | 18,417 | 17,796 |
| Intangible assets                                     | 1,172  | 1,123  | 1,336  | 1,413  | 1,489  |
| Others  | 14,720 | 18,305 | 17,094 | 16,553 | 16,011 |
| <b>Current assets</b>                                 | 53,011 | 45,859 | 49,309 | 59,148 | 73,976 |
| Cash  | 32,612 | 13,274 | 15,651 | 23,991 | 37,346 |
| Prepayments   | 3,278  | 4,106  | 4,694  | 5,125  | 5,530  |
| Financial assets at fair value through profit or loss | 8,842  | 13,087 | 13,087 | 13,087 | 13,087 |
| Trade receivables                                     | 4,450  | 6,288  | 7,499  | 8,568  | 9,636  |
| Others  | 3,828  | 9,103  | 8,377  | 8,377  | 8,377  |
| <b>Current liabilities</b>                            | 37,256 | 40,710 | 45,982 | 49,927 | 53,667 |
| Accounts payables                                     | 20,021 | 22,868 | 26,142 | 28,540 | 30,798 |
| Other payables and accruals                           | 9,123  | 10,190 | 11,648 | 12,717 | 13,723 |
| Advances from customers                               | 3,503  | 3,240  | 3,780  | 4,260  | 4,734  |
| Others  | 4,608  | 4,411  | 4,411  | 4,411  | 4,411  |
| <b>Non-current liabilities</b>                        | 10,108 | 8,744  | 8,744  | 8,744  | 8,760  |
| Convertible redeemable preferred shares               | -      | -      | -      | -      | -      |
| Others  | 10,108 | 8,744  | 8,744  | 8,744  | 8,760  |
| MI  | -      | -      | -      | -      | -      |
| <b>Total Equity</b>                                   | 45,096 | 39,838 | 42,474 | 50,627 | 65,706 |
| <b>Shareholders' equity</b>                           | 45,096 | 39,838 | 42,474 | 50,627 | 65,706 |

### Key ratios

| YE 31 Dec                 | FY21A  | FY22A  | FY23E | FY24E | FY25E |
|---------------------------|--------|--------|-------|-------|-------|
| <b>Sales mix (%)</b>      |        |        |       |       |       |
| Live streaming            | 38.2   | 37.6   | 35.0  | 32.5  | 29.6  |
| Online marketing services | 52.6   | 52.1   | 52.7  | 54.0  | 55.9  |
| Other services            | 9.2    | 10.4   | 12.3  | 13.5  | 14.5  |
| <b>Total</b>              | 100.0  | 100.0  | 100.0 | 100.0 | 100.0 |
| <b>Growth rate (%)</b>    |        |        |       |       |       |
| Revenue                   | 37.9   | 16.2   | 19.3  | 14.3  | 12.5  |
| Gross profit              | 42.9   | 23.8   | 25.4  | 20.0  | 17.1  |
| EBIT                      | NA     | NA     | NA    | NA    | NA    |
| Adj. net profit           | NA     | NA     | NA    | 130.7 | 78.8  |
| <b>P&amp;L ratios (%)</b> |        |        |       |       |       |
| Operating margin          | (34.2) | (13.3) | (1.6) | 3.5   | 8.6   |
| Pre-tax margin            | (97.6) | (13.3) | (1.5) | 3.7   | 8.8   |
| Adj. net margin           | (23.3) | (6.1)  | 3.7   | 7.5   | 11.9  |
| Effective tax rate        | (1.3)  | 9.2    | 8.0   | 15.0  | 15.0  |
| <b>Returns (%)</b>        |        |        |       |       |       |
| ROE                       | NA     | NA     | NA    | 20.7  | 29.6  |

Source: Company data, CMBIGM estimates

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|                       |   |
|-----------------------|---|
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