

Kuaishou (1024 HK)

Share gain intact with enhanced ecosystem

We reiterate our confidence on Kuaishou's long-term share gain and margin improvement, despite ST ads headwinds. 3Q22 would be mixed, in which ecommerce & livestreaming remained resilient but ads experienced slower recovery on epidemic resurgence. We expect better-than-feared margin in 3Q22E for more disciplined S&M. Domestic biz positive OP kept intact in 3Q22E. As majority of headwinds priced in, we believe downside risk is limited, and expect multiple catalysts to boost its rebound: 1) 4Q acceleration of ecommerce and ads, 2) better margin outlook, and 3) enhanced ecosystem and monetization. We raised its adj. NPM by 1%-4%, but trimmed FY22-24E topline forecast by 2%-6%, with new SOTP-based TP at HK\$80 (on lower multiple for sector de-rating).

- Resilient ecommerce to offset ads slower recovery.** 3Q22E user metrics trended well, with estimated DAU at 360mn (+12% YoY). We expect 3Q22E to be a mixed quarter, in which ecommerce strong momentum continued (forecasting GMV+25% YoY), livestreaming stayed resilient at +9% YoY, but ads saw slower recovery on epidemic resurgence (+5% YoY, vs, prior +12% YoY). We reiterate our confidence on its annual GMV target of RMB900bn, and expect 4Q22E acceleration ahead, backed by "11.6" promotion (traffic support & subsidies offering) and cases stabilization. Shopping mall should take more time to enhance before its launch. We expect ads to slightly rebound in 4Q22E (+8% YoY), for external ads recovery and internal ads acceleration. Ads sentiment was dampened by epidemic and macro uncertainty, but we believe KS's ads gain share trend remained intact.
- Better margin outlook with cost discipline.** We expect 3Q22E adj. NPM at -8.3%, better than feared on disciplined S&M. Domestic biz positive OP kept intact in 3Q22E, in our estimate. For overseas market, KS would focus more on existing key areas, including Brazil, Mid East, and Indonesia. It will step up monetization to enhance single market biz model and UE with ROI-driven S&M strategy.
- Enhanced ecosystem with monetization upgrade after mgmt. change.** We expect recent mgmt. changes in biz line to better drive LT monetization and support overseas operation, despite near-term transition. KS was well positioned to deliver above-industry growth, by leveraging its advantage in highly-engaged community, trusted users and resilient ecommerce.
- Maintain BUY.** To factor in better margin and ads headwinds, we lifted its margin by 1%-4% while trimmed earnings forecast by 2%-6% in FY22-24E, with new SOTP-based TP at HK\$80. Suggest to buy on dips.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	58,776	81,082	91,636	105,665	119,976
YoY growth (%)	50.2	37.9	13.0	15.3	13.5
Adj. net income (RMB mn)	(7,864)	(18,852)	(6,711)	72	4,757
Adj. EPS (RMB)	(8.4)	(4.6)	(1.5)	0.0	1.0
YoY growth (%)	NA	NA	NA	NA	NA
Consensus EPS (RMB)	NA	NA	(1.8)	(0.2)	2.3
P/E (x)	NA	NA	NA	NA	35
P/S (x)	2.8	2.0	1.8	1.6	1.4
Yield (%)	0.0	0.0	0.0	0.0	0.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$80
(Previous TP)	HK\$120
Up/Downside	+95.1%
Current Price	HK\$41.0

China Internet Sector

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Stock Data

Mkt Cap (HK\$ mn)	199,788
Avg 3 mths t/o (HK\$ mn)	1,1201.96
52w High/Low (HK\$)	108.8/31.75
Total Issued Shares (mn)	3,535

Source: Bloomberg

Shareholding Structure

Tencent	20.6%
Morningside Venture Cap	16.0%
Employee shareholding Plan	7.4%

Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-25.1%	-16.5%
3-mth	-47.2%	-34.0%
6-mth	-30.3%	-13.7%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: PwC

Ecommerce & ads gain share intact, despite slower recovery

We suggest investors to look beyond mixed 3Q22E, and move into 4Q22E acceleration and LT margin improvement. 3Q22E user metrics trended well, with estimated DAU at 360mn (+12% YoY) and time spent sequential growth. Ecommerce strong momentum continued (forecasting GMV+25% YoY), livestreaming remained resilient at +9% YoY, but ads experienced slower recovery on epidemic resurgence (+5% YoY, vs, prior +12% YoY). We reiterate our confidence on its long-term monetization potential after recent mgmt. change and ecosystem enhancement.

Figure 1: 3Q22E financial preview

RMB mn	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22E	QoQ	YoY	Consensus	Diff %
Revenue	15,357	18,099	17,019	19,139	20,493	24,430	21,067	21,695	22,105	2%	8%	22,625	-2%
Operating Profit	(1,377)	(1,378)	(7,292)	(7,215)	(7,404)	(5,790)	(5,643)	(3,059)	(3,455)	NA	NA	(3,603)	NA
Net profit	(29,280)	(19,264)	(57,750)	(7,035)	(7,086)	(6,202)	(6,254)	(3,176)	(3,675)	NA	NA	(3,786)	NA
Adj. net profit	(1,044)	(459)	(5,896)	(4,770)	(4,616)	(3,569)	(3,722)	(1,312)	(1,843)	NA	NA	(1,750)	NA
Margin (%)													
Gross Margin	43.1%	47.0%	41.1%	43.8%	41.5%	41.5%	41.7%	45.0%	44.8%			45.5%	
Operating Margin	-9.0%	-7.6%	-42.8%	-37.7%	-36.1%	-23.7%	-26.8%	-14.1%	-15.6%			-15.9%	
Adj. net margin	-6.8%	-2.5%	-34.6%	-24.9%	-22.5%	-14.6%	-17.7%	-6.0%	-8.3%			-7.7%	
Growth (%)													
Revenue (YoY)	50.7%	52.7%	36.6%	48.8%	33.4%	35.0%	23.8%	13.4%	7.9%			10.4%	
Revenue (QoQ)	19.4%	17.9%	-6.0%	12.5%	7.1%	19.2%	-13.8%	3.0%	1.9%			4.3%	
Operating Profit	NA	NA	NA	NA	NA	NA	NA	NA	NA			NA	
Adj. net profit	NA	NA	NA	NA	NA	NA	NA	NA	NA			NA	

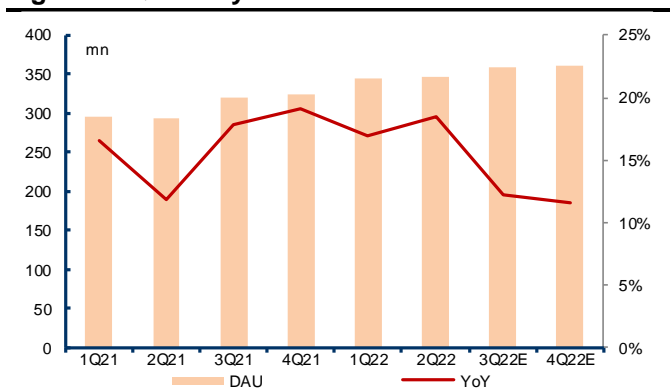
Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: 3Q22E revenue breakdown

RMB mn	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22E	QoQ	YoY
Total revenue	15,357	18,099	17,019	19,139	20,493	24,430	21,067	21,695	22,105	2%	8%
Online marketing services	6,181	8,511	8,558	9,962	10,909	13,236	11,351	11,006	11,400	4%	5%
Live streaming	7,960	7,900	7,250	7,193	7,724	8,827	7,842	8,565	8,390	-2%	9%
Other services	1,215	1,688	1,211	1,983	1,860	2,367	1,873	2,124	2,315	9%	24%

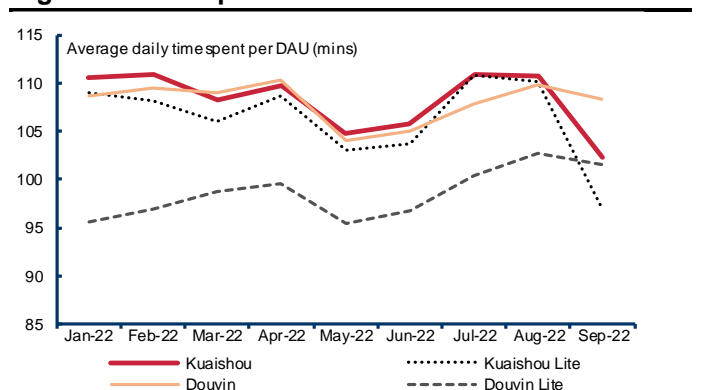
Source: Company data, CMBIGM estimates

Figure 3: Quarterly DAU estimates



Source: Company data, CMBIGM estimates

Figure 4: Time spent trend



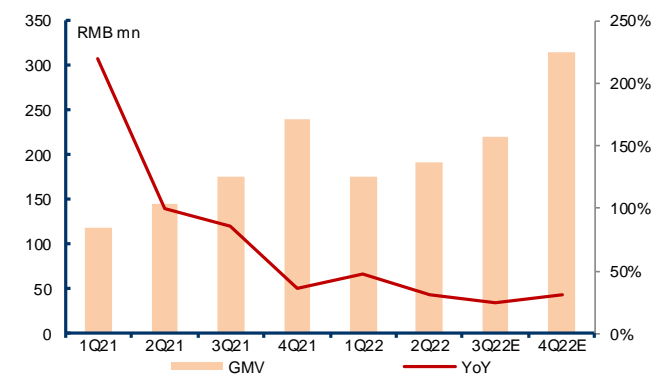
Source: QuestMobile

Resilient ecommerce with 4Q22E to accelerate

We expect ecommerce GMV +25% YoY in 3Q22E (largely above industrial growth of 7.1%), backed by rising penetration, ramp up of both AOV and orders. Annual GMV target of RMB900bn would be intact, with enhanced ecommerce ecosystem. Shopping mall should take more time to enhance before its launch, but with negligible financial impact (not included yet in our estimates).

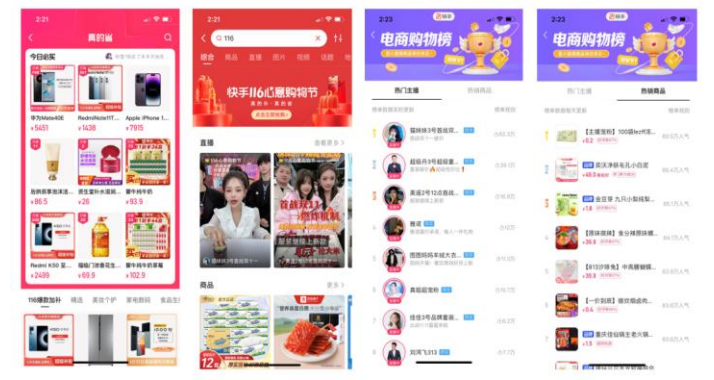
4Q22E would see GMV acceleration (forecasting GMV+31% YoY), backed by “11.6” promotion (traffic support & subsidies offering) and cases stabilization. Kuaishou emphasized on “Really economical” in this promotion, with heavier subsidies on multiple verticals (e.g. food & beverage, 3C & home appliances). Meanwhile, it boosted double traffic to support merchants, including various features (Super New Arrivals Plan, Daily New Host, etc.). Kuaishou resumed cooperation with Tmall and JD from 10.28, supporting incremental growth in shopping festival. We expect Kuaishou to continuously gain share in ecommerce (forecasting 5%/6% mkt share in FY22/23E), with enhanced ecosystem, algorithm optimization and trusted users.

Figure 5: Quarterly GMV estimates



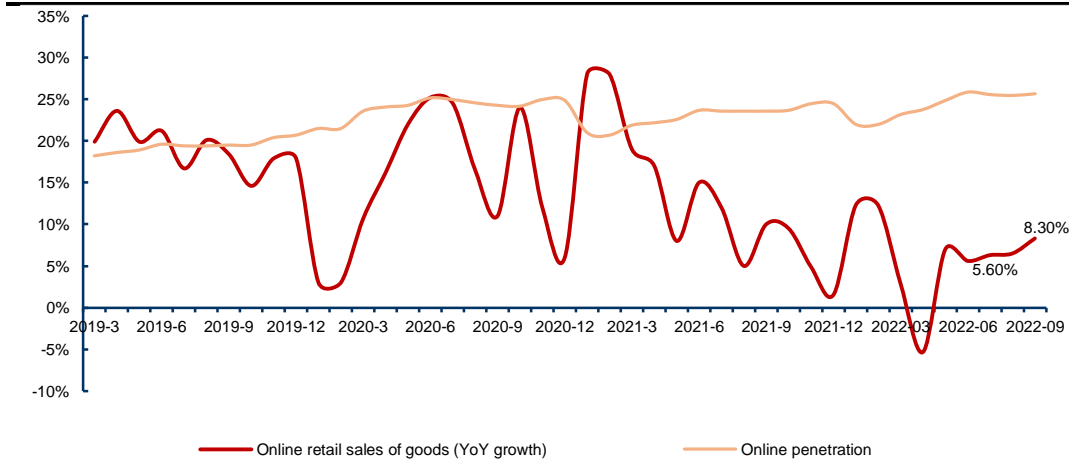
Source: Company data, CMBIGM estimates

Figure 6: KS “11.6” promotion features



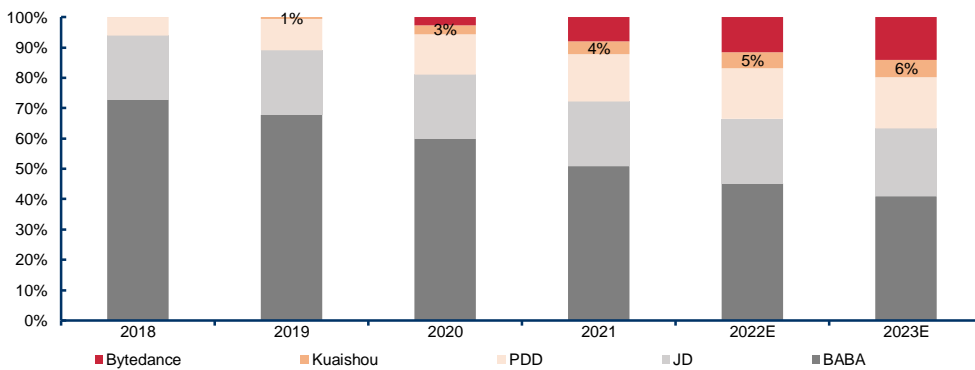
Source: Company data, CMBIGM estimates

Figure 7: Online retail sales growth at +7% YoY in 3Q22



Source: NBS, CMBIGM

Figure 8: China eCommerce: market share of TOP5 platforms (by GMV)

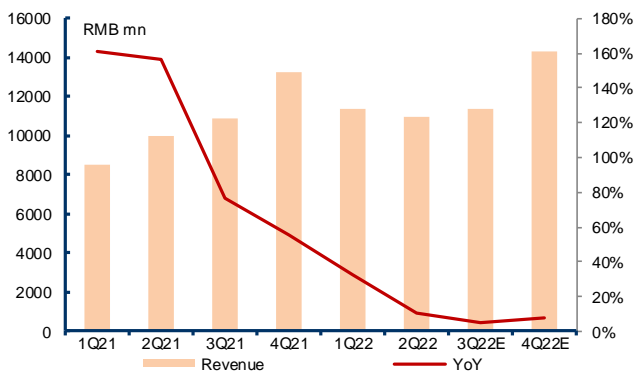


Source: Company data, CMBIGM estimates

Ads with slower recovery on epidemic, but almost priced in

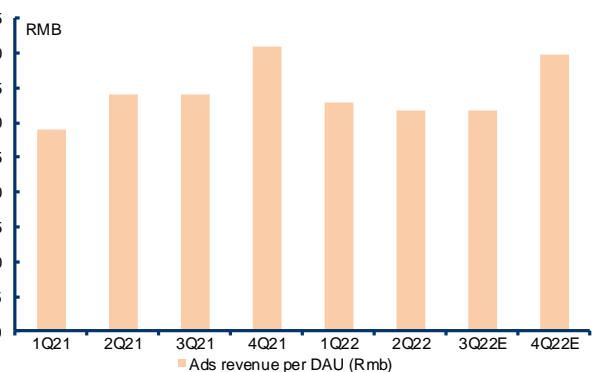
We keep positive on KS's long-term ads potential, despite short-term slowdown on epidemic resurgence and macro uncertainty. We forecast ads +5% YoY in 3Q22E, and then to slightly rebound in 4Q22E (+8% YoY), for internal ads reacceleration and external ads recovery. Internal ads kept resilient, in line with ecommerce growth, while external ads saw headwinds from soft macro. External ads might still decline single digit YoY in 2H22E.

Figure 9: Quarterly ads rev estimates



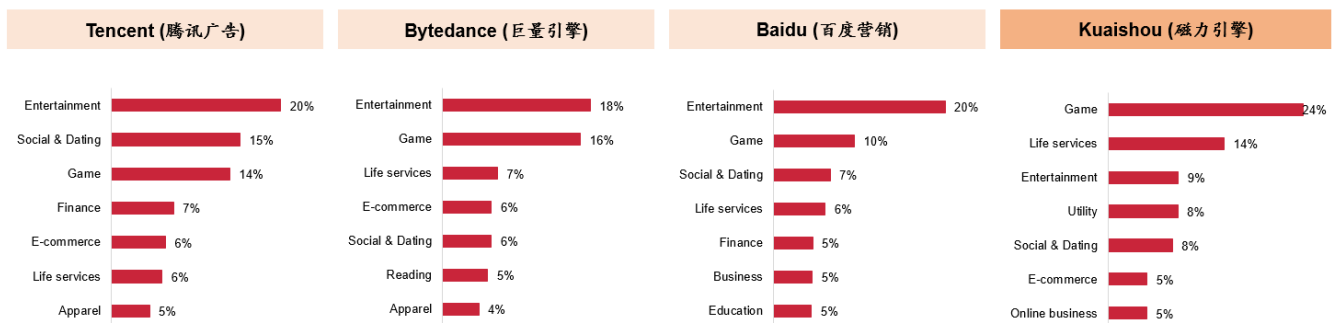
Source: Company data, CMBIGM estimates

Figure 10: Ads rev per DAU



Source: Company data, CMBIGM estimates

Figure 11: Ads vertical distribution of TOP4 platforms in 3Q22



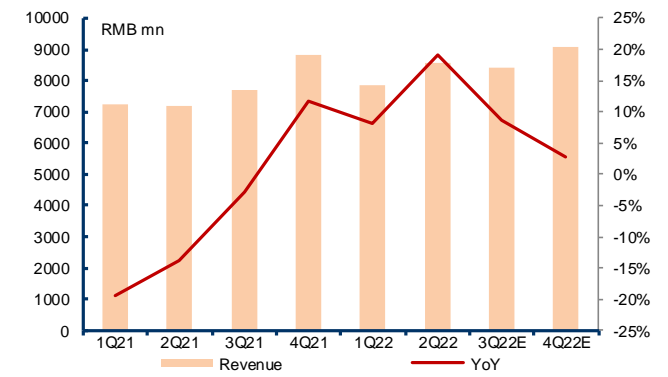
Source: App Growing (in terms of no. of ads.), CMBIGM

Notes: *Tencent ads excluded Wechat Moments ads in the chart.

Livestreaming resilient on healthy user growth

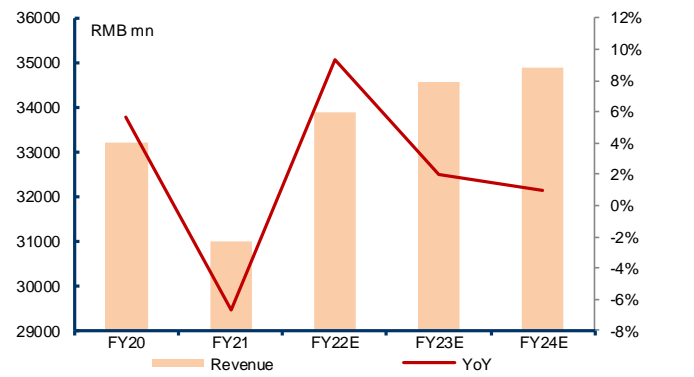
Compared to downtrend of traditional livestreaming platforms, KS's livestreaming outperformed with rev +9% YoY in 3Q22E, in our estimates. We expect this segment +3% YoY in 4Q22E for high base. We think regulation adjustment has been well factored in, and healthy DAU growth would support livestreaming momentum ahead.

Figure 12: Quarterly livestreaming rev estimates



Source: Company data, CMBIGM estimates

Figure 13: Yearly livestreaming rev estimates



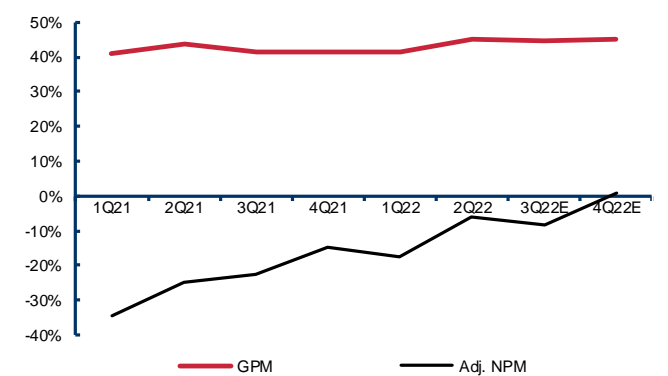
Source: Company data, CMBIGM estimates

Margin improvement with ROI-driven S&M strategy

We keep positive on KS's margin improvement with better GPM and ROI-driven S&M strategy. Domestic biz achieved positive profit in 2Q22, and we expect this trend to stay intact in 2H22E. Market concern might lie in overseas investment, but we think KS would focus more on existing key areas (including Brazil, Mid East, and Indonesia), and step up monetization to enhance single market biz model and UE.

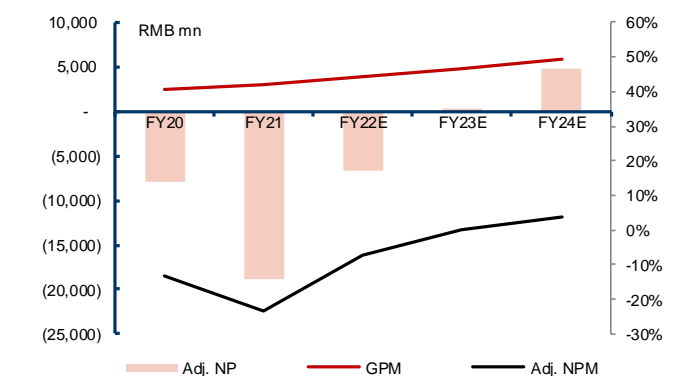
We expect 3Q22E adj. NPM at -8.3%, better than feared for more disciplined S&M. Looking ahead, we expect KS to achieve better profitability in the long run.

Figure 14: Quarter margin estimates



Source: Company data, CMBIGM estimates

Figure 15: Yearly margin estimates



Source: Company data, CMBIGM estimates

Valuation attractive, at historical trough

To factor in its better-than-feared margin, we raised KS's adj. NPM by 1-4ppts in FY22-24E, and trimmed its topline by 2%-6% on ads headwind. Our TP was adjusted to HK\$80 from HK\$120 (implying 3.0x FY23E P/S), for both topline adjustment and lower multiple applied after sector de-rating.

Our new TP was derived from: 1) Livestreaming: we assign 1x FY23E EV/Sales (vs. prior 2x), which is in line with current subsector valuation; 2) Advertising: we assign 1.54x FY23E EV/Sales (vs. prior 3x), which is 10% premium on current ads sector multiple of 1.4x, for higher rev growth; 3) Ecommerce: we assign 0.15x FY23E P/GMV (unchanged), largely in line with key ecommerce players multiple. Our TP-implied multiple of 3x FY23E P/S was equal to mean-1SD of 5-year entertainment & ecommerce historical P/S, not demanding. 3x FY23E P/S was higher than industrial average of 1.8x, but we think KS deserves premium multiple for its above-industrial growth, huge monetization potential and better margin outlook. Maintain BUY with 73% implied upside.

KS was trading at 1.6x FY23E P/S, with valuation at historical low. We suggest to buy on dips, and expect multiple catalysts to boost its rebound: 1) 4Q acceleration of ecommerce and ads; 2) better margin outlook; and 3) enhanced ecosystem and monetization after mgmt. change.

Figure 16: CMBIGM estimates vs consensus

RMB mn, Dec-YE	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	91,636	105,665	119,976	92,874	109,815	126,727	-1.3%	-3.8%	-5.3%
Gross Profit	40,595	49,360	59,095	41,394	52,214	64,124	-1.9%	-5.5%	-7.8%
Operating Profit	(13,233)	(7,849)	(2,198)	(15,065)	(6,712)	1,469	NA	NA	NA
Adj. net profit	(6,711)	72	4,757	(7,835)	342	9,432	NA	-78.9%	-49.6%
Adj. EPS (RMB)	(1.50)	0.02	1.03	(1.8)	(0.2)	2.3	NA	NA	-55.0%
Gross Margin	44.3%	46.7%	49.3%	44.6%	47.5%	50.6%	-0.3ppts	-0.8ppts	-1.3ppts
Operating Margin	-14.4%	-7.4%	-1.8%	-16.2%	-6.1%	1.2%	+1.8ppts	-1.3ppts	-3.0ppts
Adj. net margin	-7.3%	0.1%	4.0%	-8.4%	0.3%	7.4%	+1.1ppts	-0.2ppts	-3.5ppts

Source: CMBIGM estimates, Bloomberg

Figure 17: Earnings revision

RMB mn, Dec-YE	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	91,636	105,665	119,976	93,594	110,185	127,165	-2.1%	-4.1%	-5.7%
Gross Profit	40,595	49,360	59,095	40,135	50,371	62,240	1.1%	-2.0%	-5.1%
Operating Profit	(13,233)	(7,849)	(2,198)	(18,277)	(13,282)	(5,418)	NA	NA	NA
Adj. net profit	(6,711)	72	4,757	(8,820)	(3,727)	3,295	NA	NA	44.4%
EPS (RMB)	(1.50)	0.02	1.03	(2.0)	(0.8)	0.7	NA	NA	44.4%
Gross Margin	44.3%	46.7%	49.3%	42.9%	45.7%	48.9%	+1.4ppts	+1.0ppts	+0.3ppts
Operating Margin	-14.4%	-7.4%	-1.8%	-19.5%	-12.1%	-4.3%	+5.1ppts	+4.6ppts	+2.4ppts
Net Margin	-7.3%	0.1%	4.0%	-9.4%	-3.4%	2.6%	+2.1ppts	+3.5ppts	+1.4ppts

Source: Company data, CMBIGM estimates

Figure 18: SOTP Valuation

Business (RMB mn)	'23E Rev or GMV	Methodology	Multiple	Valuation	Stakes	Value
Live streaming	34,555	EV/Sales	1.0x	34,555	100%	34,555
Advertising	58,363	EV/Sales	1.5x	89,879	100%	89,879
Ecommerce	1,126,310	P/GMV	0.15x	168,947	100%	168,947
Enterprise Value						293,381
(+) Net Cash						29,241
Equity Value						322,622
FX						0.92
Valuation (HK\$ mn)						352,593
TP (HK\$) based on SOTP						80

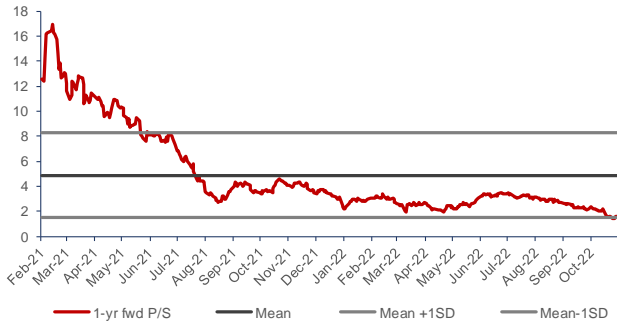
Source: CMBIGM estimates

Figure 19: Valuation comps

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS			EV/EBIT			FY22-24 EPS
							FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	CAGR
Kuaishou	1024 HK	22,947	HKD	42	BUY	80	NA	NA	35.1	1.8	1.6	1.4	NA	NA	NA	NA
Game																
Tencent	700 HK	292,062	HKD	239	BUY	398	18.4	15.5	13.1	3.8	3.4	3.0	16.4	13.5	11.7	20%
NetEase	NTES US	38,850	USD	59	BUY	115	13.9	12.2	10.9	2.9	2.6	2.4	9.4	8.4	7.4	12%
XD Inc.	2400 HK	982	HKD	16	NA	NA	NA	NA	16.7	2.1	1.6	1.2	NA	NA	13.8	NA
Average							16.2	13.8	13.6	2.9	2.5	2.2	12.9	11.0	10.9	16%
Livestreaming & VAS																
Bilibili	BILI US	3,811	USD	10	BUY	20	NA	NA	NA	1.3	1.0	0.8	NA	NA	NA	NA
Momo	MOMO US	987	USD	5	HOLD	14	4.2	3.8	3.6	0.6	0.6	0.5	NA	NA	NA	9%
YY	YY US	1,891	USD	27	BUY	50	16.0	10.5	9.1	0.8	0.7	0.7	NA	NA	NA	26%
Huya	HUYA US	450	USD	2	BUY	4	NA	NA	48.0	0.3	0.3	0.3	NA	NA	NA	NA
Douyu	DOYU US	312	USD	1	NA	NA	NA	53.0	13.9	0.3	0.3	0.3	NA	NA	NA	NA
TME	TME US	6,504	USD	4	BUY	7	11.3	10.7	9.4	1.7	1.6	1.5	7.2	6.4	5.8	10%
Mango	300413 CH	6,268	CNY	24	NA	NA	21.0	17.8	15.3	3.1	2.7	2.4	16.5	13.8	12.1	17%
iQIYI	IQ US	1,886	USD	2	BUY	13	46.8	14.6	9.3	0.5	0.4	0.4	37.4	19.8	13.5	121%
Average							19.9	18.4	15.5	1.1	1.0	0.9	20.4	13.4	10.5	15%
Advertising																
Baidu	BIDU US	27,005	USD	78	BUY	193	10.4	8.9	7.3	1.6	1.4	1.3	7.6	6.6	5.2	21%
Weibo	WB US	3,000	USD	13	BUY	22	5.7	5.2	4.6	1.6	1.4	1.3	4.3	4.2	3.7	11%
Average							8.1	7.0	6.0	1.6	1.4	1.3	6.0	5.4	4.4	16%
Ecommerce																
Alibaba	BABA US	172,646	USD	65	BUY	155	9.2	7.8	6.9	1.4	1.3	1.1	8.2	7.0	5.9	14%
JD.com	JD US	63,157	USD	40	BUY	79	19.7	15.0	11.6	0.4	0.4	0.3	24.7	14.5	10.3	26%
Pinduoduo	PDD US	72,032	USD	57	BUY	93	18.1	14.4	11.4	4.3	3.4	2.9	16.2	12.1	9.3	18%
Vipshop	VIPS US	4,812	USD	8	NA	NA	6.0	5.6	5.4	0.3	0.3	0.3	3.0	2.8	2.6	5%
Average							13.3	10.7	8.8	1.6	1.3	1.2	13.0	9.1	7.0	16%
Global entertainment																
Meta	META US	235,749	USD	89	NA	NA	8.7	9.9	9.1	2.0	1.9	1.7	7.1	8.2	6.8	13%
Netflix	NFLX US	119,737	USD	269	NA	NA	23.6	22.4	18.1	3.8	3.5	3.2	23.4	21.0	16.9	12%
Snapchat	SNAP US	14,776	USD	9	NA	NA	64.3	52.3	23.4	3.2	2.9	2.5	NA	NA	49.6	108%
Twitter	TWTR US	41,094	USD	54	NA	NA	NA	NA	NA	7.9	7.0	6.1	NA	NA	NA	11%
Average							32.2	28.2	16.9	4.2	3.8	3.4	15.2	14.6	24.4	12%
Average							13.3	11.6	11.1	2.1	1.8	1.6	13.9	10.6	11.6	15%

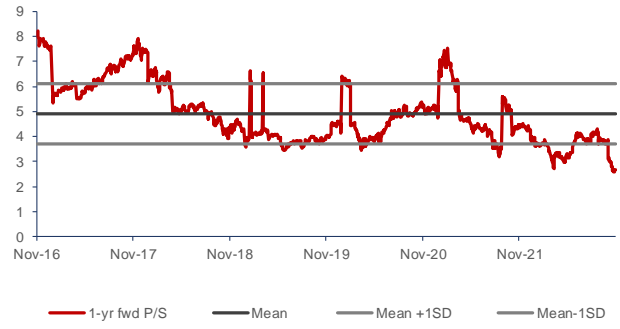
Source: Bloomberg, CMBIGM estimates

Figure 20: KS historical P/S



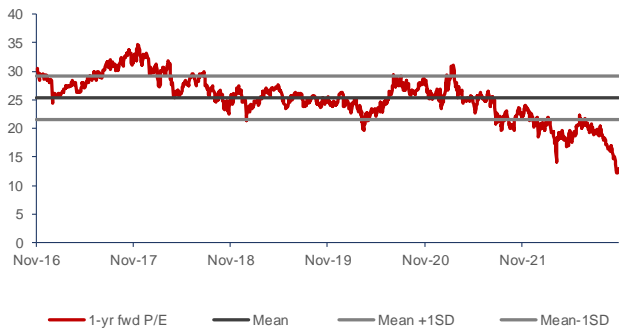
Source: Bloomberg, CMBIGM estimates

Figure 21: Core Internet historical P/S



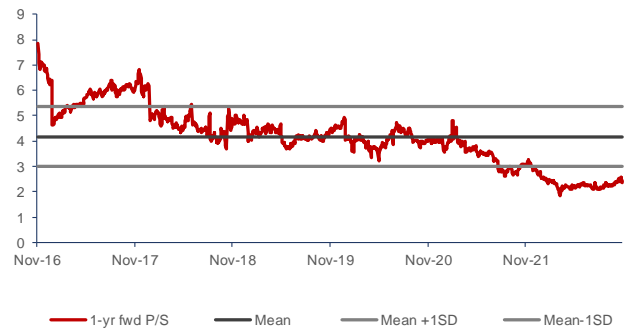
Source: Bloomberg, CMBIGM estimates

Figure 22: Core Internet historical P/E



Source: Bloomberg, CMBIGM estimates

Figure 23: Entertainment historical P/S



Source: Bloomberg, CMBIGM estimates

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	58,776	81,082	91,636	105,665	119,976
Live streaming	33,209	30,995	33,878	34,555	34,901
Online marketing services	21,855	42,665	48,097	58,363	68,943
Other services	3,712	7,421	9,661	12,747	16,133
COGS	(47,052)	(51,041)	(56,306)	(60,881)	(66,938)
Gross profit	11,724	30,041	35,330	44,784	53,039
S&M	(26,615)	(44,176)	(36,699)	(38,940)	(41,367)
Admin.Exp.	(1,677)	(3,400)	(3,737)	(4,144)	(4,414)
R&D	(6,548)	(14,956)	(13,941)	(14,970)	(16,352)
Other gains	704	801	550	845	840
Operating profit	(22,410)	(31,690)	(18,498)	(12,425)	(8,254)
Other income/(exp)	(106,881)	(51,314)	(9)	-	-
Pre-tax Income	(117,201)	(79,102)	(13,323)	(7,861)	(2,202)
Income Tax	566	1,025	(719)	8	(840)
Net profit	(116,635)	(78,077)	(14,042)	(7,853)	(3,041)
Adj. net profit	(7,864)	(18,852)	(6,711)	72	4,757

Cash flow summary

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Net income	(116,635)	(78,077)	(14,042)	(7,853)	(3,041)
D&A	4,863	6,885	6,637	7,811	9,014
Change in WC	6,898	2,444	2,009	2,645	2,250
Others	107,163	63,229	7,331	7,925	7,798
Operating CF	2,289	(5,519)	1,935	10,527	16,021
Capex	(5,908)	(5,789)	(9,181)	(11,210)	(10,802)
Purchase of investments	5,400	-	-	-	-
Others	(4,359)	(12,572)	47	47	47
Investing CF	(4,867)	(18,361)	(9,134)	(11,163)	(10,755)
Equity raised	-	39,386	-	-	-
Change of Debts	-	-	-	-	-
Cash from CB raised	20,957	-	-	-	-
Others	(1,666)	(2,885)	-	-	-
Financing CF	19,290	36,500	-	-	-
Net change in cash	16,711	12,620	(7,199)	(635)	5,266
Cash (beg of yr)	3,996	20,392	32,612	25,414	24,778
FX	(316)	(399)	-	-	-
Cash (end of yr)	20,392	32,612	25,414	24,778	30,045

Balance sheet

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Non-current assets	20,619	39,505	42,001	45,353	47,094
Property and equipment	7,206	11,051	10,967	11,101	13,906
Right-of-use assets	5,200	12,562	15,105	18,291	17,197
Intangible assets	1,248	1,172	1,256	1,336	1,413
Others	6,966	14,720	14,673	14,625	14,578
Current assets	31,528	53,011	46,669	47,171	53,541
Cash	20,392	32,612	25,414	24,778	30,045
Prepayments	2,285	3,278	3,556	3,923	4,242
Financial assets at fair value through profit or loss	3,301	1,250	1,298	1,345	1,393
Trade receivables	2,428	4,450	5,029	5,799	6,585
Others	3,122	11,420	11,372	11,325	11,277
Current liabilities	23,185	37,256	40,122	43,903	47,257
Accounts payables	11,544	20,021	21,718	23,959	25,906
Other payables and accruals	5,763	9,123	9,897	10,918	11,805
Advances from customers	3,290	3,503	3,898	4,418	4,938
Others	2,587	4,608	4,608	4,608	4,608
Non-current liabilities	189,012	10,108	10,108	10,108	10,108
Convertible redeemable preferred shares	185,373	-	-	-	-
Others	3,640	10,108	10,108	10,108	10,108
MI	-	-	-	-	-
Total Equity	(160,050)	45,096	38,385	38,457	43,214
Shareholders' equity	(160,050)	45,096	38,385	38,457	43,214

Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Sales mix (%)					
Live streaming	56.5	38.2	37.0	32.7	29.1
Online marketing services	37.2	52.6	52.5	55.2	57.5
Other services	6.3	9.2	10.5	12.1	13.4
Total	100.0	100.0	100.0	100.0	100.0
Growth rate (%)					
Revenue	50.2	37.9	13.0	15.3	13.5
Gross profit	68.9	42.9	19.3	21.6	19.7
EBIT	NA	NA	NA	NA	NA
Adj. net profit	NA	NA	NA	NA	NA
P&L ratios (%)					
Operating margin	(38.1)	(39.1)	(20.2)	(11.8)	(6.9)
Pre-tax margin	(199.4)	(97.6)	(14.5)	(7.4)	(1.8)
Adj. net margin	(13.4)	(23.3)	(7.3)	0.1	4.0
Effective tax rate	(0.5)	(1.3)	5.4	(0.1)	38.1
Returns (%)					
ROE	NA	NA	NA	NA	11.6

Source: Company data, CMBIGM estimates

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