

Hong Kong

ADD (no change)

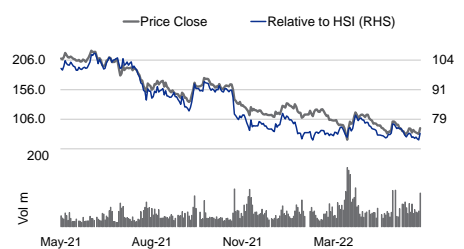
Consensus ratings*: Buy 39 Hold 2 Sell 0

Current price:	HK\$91.00
Target price:	HK\$151.0
Previous target:	HK\$170.0
Up/downside:	65.9%
CGI / Consensus:	-4.4%
Reuters:	9988.HK
Bloomberg:	9988 HK
Market cap:	US\$251,413m
	HK\$1,973,545m
Average daily turnover:	US\$622.0m
	HK\$4,930m
Current shares o/s:	21,619m
Free float:	61.3%

*Source: Bloomberg

Key changes in this note

- FY3/23F EPS decreased by 10.1%.
- FY3/24F EPS decreased by 9.0%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	7.6	-13.6	-56.4
Relative (%)	3.8	-4.5	-27.5

Major shareholders	% held
SoftBank	24.9
Jack Yun MA	4.8

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Alibaba Group

Active cost control amid conservative top-line outlook

- Alibaba reported 4Q FY3/22 revenue of Rmb204bn, up 9% yoy, and non-GAAP net profit of Rmb19.8bn, down 24% yoy, in line with our expectations.
- Alibaba saw GMV decrease by more than 10% yoy in Apr, resulting a low single-digit yoy revenue decline in the month. But management said logistics capability started to recover in the past two weeks.
- We expect 1Q23F revenue to drop by 5% yoy and non-GAAP net profit to drop by 30% yoy. Net profit yoy growth should start to recover in 2Q23F, along with the consumption recovery and Alibaba's cost-cutting measures.
- Reiterate Add with a new DCF-based TP of HK\$151.

Results in line, with a robust user base increase

4Q FY3/22 revenue growth for China commerce, international commerce, local consumer services, Cainiao, cloud computing, media and entertainment, and innovation initiatives was 8%, 7%, 29%, 16%, 12%, -1% and -35% yoy, respectively. China commerce retail sales growth was 8% yoy, with flat customer management revenue (CMR) growth and 14% yoy growth in direct sales and others. The flat CMR growth was mainly because of a low single-digit yoy decline in online physical goods GMV of Taobao and Tmall. Among CMR, total advertising revenue delivered positive growth yoy, while commission revenue recorded a high single-digit yoy decline. The overall number of annual active consumers (AACs) at the end of FY3/22 reached 1.31bn, up 15.6% yoy and 2.2% qoq; of this, the number in overseas markets was up 26.6% yoy and 1.3% qoq to 305m, and in the China market, it was up 12.7% yoy and 2.6% qoq to 1,004m, with AACs in local consumer services up 20.5% yoy and 1.1% qoq to 376m. Taobao Deals had over 300m AACs with over 20% consumers who did not shop on Taobao or Tmall in FY3/22. Taocaicai had over 90m AACs with over 50% first-time fresh-product buyers through Alibaba. Up to 25 May 2022, Alibaba had repurchased about US\$13bn in ADSs, with an unused amount of about US\$12bn under its share repurchase program.

Conservative top-line outlook for 2Q23F

As the cities hit by the Omicron outbreaks represent half of Alibaba's China retail GMV, Alibaba saw GMV decrease by more than 10% yoy in Apr, resulting a low single-digit revenue decline in the month. Its supply chain and logistics capacity recovered gradually in the past 2-3 weeks, but many backlog orders need to be filled. Consumer preferences evolved under the Omicron outbreak, as stockpiling demand for FMCG products increased, and consumers were less price-sensitive about these products, while demand for discretionary products, such as apparel and 3C products, dropped. Alibaba will take this opportunity to increase its penetration in fresh products and self-operated businesses. Alibaba is preparing for the 6.18 online shopping season, and management noted that the activeness and product offerings from merchants are both satisfactory. Alibaba announced 25 initiatives in five major categories to support merchants during 6.18 to reduce their operating costs and provide them with reliable logistics services.

Cost-control measures expected to mitigate margin pressure

Alibaba will actively implement cost-control measures, such as streamlining unprofitable businesses, improving the cash cycle, and enhancing investment efficiency in personnel, fixed assets, sales and marketing, and other areas. Alibaba set gross margin targets for its self-operated businesses, including Freshippo, Tmall Global and Tmall Supermarket. Although losses narrowed yoy for these self-operated businesses, with their growing contribution to the overall revenue mix, these businesses will continue to affect the overall EBITA margin. The combined losses of Taobao Deals and Taocaicai should continue to decline qoq, and Ele.me should further improve its unit economics in 2Q23F.

Financial Summary	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (Rmbm)	717,289	853,062	900,343	1,031,009	1,156,991
Operating EBITDA (Rmbm)	137,587	109,150	120,823	151,326	180,636
Net Profit (Rmbm)	171,985	136,388	129,172	155,809	178,535
Core EPS (Rmb)	7.96	6.33	5.99	7.23	8.28
Core EPS Growth	26.2%	(20.5%)	(5.3%)	20.6%	14.6%
FD Core P/E (x)	9.98	12.48	13.17	10.92	9.53
DPS (Rmb)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	10.59	13.34	11.18	8.32	5.92
P/FCFE (x)	66.02	NA	18.81	23.35	10.19
Net Gearing	(34.1%)	(32.5%)	(37.8%)	(40.3%)	(48.4%)
P/BV (x)	1.78	1.76	1.59	1.42	1.26
ROE	20.1%	14.3%	12.8%	13.9%	14.2%
% Change In Core EPS Estimates			(10.1%)	(9.0%)	
CGI/consensus EPS (x)			1.00	1.06	0.94

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

Active cost control amid conservative top-line outlook

Cloud business achieved positive full-year adjusted EBITA

The revenue growth slowdown in the cloud business was a result of 1) a decline in corporate activity and a delay in project delivery amid the pandemic control measures; 2) a growth slowdown in internet industry customers; and 3) the gradual termination of contracts by a top public cloud services customer in the internet industry outside China. Excluding the contribution from the top customer, revenue from the cloud business grew by 15% yoy in 4Q FY3/22 and 29% yoy in FY3/22. The next top 10 cloud customers contributed less than 10% of AliCloud's revenue in FY3/22. Its cloud business achieved positive adjusted EBITA for FY3/22, and Alibaba will continue to improve its cloud business margin in FY3/23F. During the quarter, telecommunications, financial services and retail industries contributed the fastest revenue growth, while revenue from some internet sectors, such as education and entertainment, declined. Going forward, high-quality technology innovations will continue to be one of Alibaba's major focuses to enhance its capability to drive industrial digitalization. Alibaba will seek to cooperate with partners in different industries and leverage its economies of scale to achieve higher segment efficiency. Management sees large growth potential to double or triple its cloud revenue in the next 3–5 years.

Solid growth of international commerce business, driven by Lazada

Lazada delivered solid order volume growth of 32% yoy in 4Q FY3/22F and Alibaba.com's transaction value grew by 22% yoy. The growth slowdown of Lazada's order volume was primarily because of the gradual recovery in offline consumption in Southeast Asia, but order volume in Malaysia, Vietnam and Thailand still achieved higher-than-regional-average growth. Trendyol continued its market leadership in Turkey with quarterly order volume growth of 48% yoy. The order volume of AliExpress decreased yoy, mainly because of the impact of the European Union's policy change in the VAT exemption, recovery in the local supply chain and offline consumption, and international logistics disruptions amid the regional conflict. The adjusted EBITA loss expanded by 3.2% yoy for Alibaba's international commerce business, primarily due to the loss increase in Trendyol, as it invested in new businesses, such as international business and local consumer services in Turkey, but this was partially offset by the increase in profit contributed by the international wholesale business.

Reiterate Add with a new DCF-based TP of HK\$151

We cut our FY3/23–24F EPS by 10.1% and 9.0%, respectively, to reflect slower revenue growth and margin pressure. But we still believe Alibaba's new initiatives, such as Taobao Deals, Taocaicai, AliCloud, international business, Cainiao and local retail business, will bear fruit in the future. Short-term catalysts for Alibaba are 1) robust growth in its user base, owing to growth in lower-tier markets, 2) synergies in the Alibaba retail ecosystem, 3) fast growth in its international retail business, such as Lazada, and 4) returns from industrial digitalization with its cloud computing service offerings. Key risks include 1) more intense competition in the domestic e-commerce market, 2) global political issues, and 3) a negative impact from any new stricter regulations.

Figure 1: Alibaba quarterly results

(RMB m)	4Q21	4Q22	yoy	FY3/21	FY3/22	yoy
Core commerce	161,889	188,745	16.6%	623,234	743,381	19.3%
China commerce retail	127,021	145,365	14.4%	487,361	575,993	18.2%
China commerce wholesale	3,370	4,383	30.1%	14,322	16,712	16.7%
International commerce retail	9,496	9,887	4.1%	34,455	42,668	23.8%
International commerce wholesale	3,920	4,448	13.5%	14,396	18,410	27.9%
Cainiao logistics services	9,959	11,582	16.3%	37,258	46,107	23.8%
Local consumer services	8,123	13,080	61.0%	35,442	43,491	22.7%
Others	-	-	N/A	-	-	N/A
Cloud	16,865	18,971	12.5%	60,558	74,568	23.1%
Digital media and entertainment	8,047	8,005	-0.5%	31,186	32,272	3.5%
Innovation initiatives and others	594	(1,000)	N/A	2,311	2,841	22.9%
Operating revenue	187,395	204,052	8.9%	717,289	853,062	18.9%
Cost of revenue	(125,454)	(138,945)	10.8%	(421,205)	(539,450)	28.1%
Gross profit	61,941	65,107	5.1%	296,084	313,612	5.9%
GP margin	33.1%	31.9%	-1.1 pts	41.3%	36.8%	-4.5 pts
Product development expenses	(13,302)	(10,944)	-17.7%	(57,236)	(55,465)	-3.1%
Sales and marketing expenses	(25,153)	(27,200)	8.1%	(81,519)	(119,799)	47.0%
General and administrative expenses	(27,734)	(7,415)	-73.3%	(55,224)	(31,922)	-42.2%
Amortization of intangible assets	(3,415)	(2,831)	-17.1%	(12,427)	(11,647)	-6.3%
Impairment of goodwill and intangible assets	-	-	N/A	-	(25,141)	N/A
Income from operations	(7,663)	16,717	N/A	89,678	69,638	-22.3%
OP margin	-4.1%	8.2%	12.3 pts	12.5%	8.2%	-4.3 pts
Interest and investment income, net	111	(36,708)	N/A	72,794	(15,702)	N/A
Interest expense	(1,160)	(1,189)	2.5%	(4,476)	(4,909)	9.7%
Other income, net	2,115	1,620	-23.4%	7,582	10,523	38.8%
Income before income tax	(6,597)	(19,560)	196.5%	165,578	59,550	-64.0%
Income tax expenses	(7,049)	(2,079)	-70.5%	(29,278)	(26,815)	-8.4%
Share of results of equity investees	5,992	3,282	-45.2%	6,984	14,344	105.4%
Net income	(7,654)	(18,357)	139.8%	143,284	47,079	-67.1%
Non-controlling interests	2,288	9,504	315.4%	7,294	15,170	108.0%
Net income attributable to Alibaba	(5,366)	(8,853)	65.0%	150,578	62,249	-58.7%
Preference Shares or mezzanine equity	(113)	(125)	10.6%	(270)	(290)	7.4%
Net income attributable to ordinary shareholders	(5,479)	(8,978)	63.9%	150,308	61,959	-58.8%
NP margin	-2.9%	-4.4%	-1.5 pts	21.0%	7.3%	-13.7 pts
Non-GAAP adjustments	33,870	38,156	12.7%	28,701	89,309	211.2%
Non-GAAP net income	26,216	19,799	-24.5%	171,985	136,388	-20.7%
Non-GAAP NP margin	14.0%	9.7%	-4.3 pts	24.0%	16.0%	-8.0 pts

SOURCES: CGIS RESEARCH, COMPANY DATA

Figure 2: Alibaba earnings revisions

(Rmb m)	FY3/23F			FY3/24F			FY3/25F		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue	957,202	900,343	-5.9%	1,107,282	1,031,009	-6.9%	N/A	1,156,991	N/A
Gross margin (%)	37.2%	36.3%	-0.9 pts	37.6%	36.7%	-0.9 pts	N/A	37.4%	N/A
Operating margin (%)	9.2%	8.2%	-0.9 pts	9.9%	9.3%	-0.6 pts	N/A	10.0%	N/A
Net income	114,819	100,569	-12.4%	140,575	125,544	-10.7%	N/A	152,275	N/A
Adjusted net income	151,264	129,172	-14.6%	180,254	155,809	-13.6%	N/A	178,535	N/A
EPS	6.66	5.99	-10.1%	7.94	7.23	-9.0%	N/A	8.28	N/A

SOURCES: CGIS RESEARCH

Figure 3: Alibaba DCF valuation

(RMB m)	FY3/23E	FY3/24E	FY3/25E	FY3/26E	FY3/27E	FY3/28E	FY3/29E	FY3/30E	FY3/31E	FY3/32E	FY3/33E
EBIT	73,864	95,487	115,917	132,146	150,646	171,737	195,780	223,189	254,435	290,056	330,664
Add: Depreciation & amortization	35,420	43,450	51,480	51,995	52,515	53,040	53,571	54,106	54,647	55,194	55,746
Less: Tax	17,457	22,866	28,548	32,545	37,101	42,295	48,216	54,966	62,662	71,434	81,435
Less: Capex	80,000	80,000	80,000	80,800	81,608	82,424	83,248	84,081	84,922	85,771	86,629
Less: Net change in working capital	(60,313)	(14,386)	(79,224)	(80,016)	(80,816)	(81,624)	(82,440)	(83,265)	(84,098)	(84,939)	(85,788)
Unlevered FCF	72,140	50,457	138,074	150,812	165,269	181,682	200,326	221,513	245,597	272,984	304,134
Terminal value											4,271,013
DCF	65,383	41,447	102,796	112,280	111,518	111,111	111,038	111,281	111,823	112,651	113,750
				Assumptions							
PV for the forecasted period	1,105,077			Risk-free Rate of Return				3.0%			
PV for the terminal value	1,597,412			Equity Risk Premium				7.7%			
Enterprise Value	2,702,489			Company Beta				0.98			
Minus: Net debt + Minority interest	(15,756)			Cost of Equity				10.5%			
NPV to equity shareholders	2,718,244			Pre-tax Cost of Debt				4.0%			
Divided by: # of shares outstanding	21,558			Tax Rate				12%			
NPV per share to equity shareholders (RMB)	126			After-tax Cost of Debt				3.5%			
HKD/CNY	0.83			Target debt to total capital				3%			
NPV per share to equity shareholders (HKD)	151			WACC				10.3%			
				Terminal growth ("g")				3%			

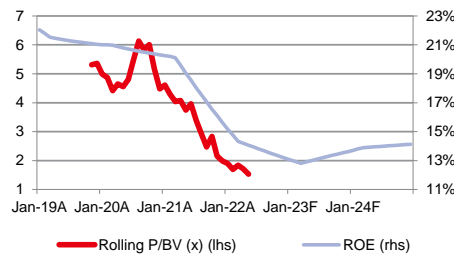
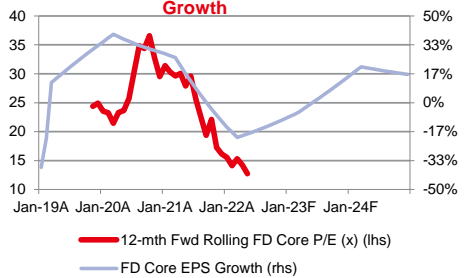
SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

Figure 4: Alibaba SoTP valuation

Segment	Metrics	Amounts (Rmb m)	Multiples	Value (Rmb m)	Value per share (HK\$) CNYHKD: 0.83	% of total valuation
Business segments						
Core commerce	FY3/22F EBITA	149,883				
	Tax	(67,491)				
	FY3/22F net profit	82,392	14.8x	1,219,956	67.7	45%
Marketplace-based core commerce	FY3/22F revenue	575,993				
	FY3/22F margin	18%				
	FY3/22F EBITA	103,679				
	Tax	(46,686)				
	FY3/22F net profit	56,993	15.0x	854,893	47.5	31%
Lazada	FY3/22F GMV	96,270	1.0x	96,270	5.3	4%
Local services (Ele.me)	FY3/22F revenue	43,491	3.0x	130,473	7.2	5%
New retail (Freshippo, Tmall Supermarket and Sun Art)	FY3/22F revenue	0	3.0x	0	0.0	0%
Logistics (Cainiao)	FY3/22F revenue	46,107	3.0x	138,321	7.7	5%
Cloud computing	FY3/22F revenue	74,568	10.0x	745,680	41.4	27%
Digital media and entertainment	FY3/22F revenue	32,272	2.0x	64,544	3.6	2%
Innovation initiatives and others	FY3/22F revenue	2,841	3.0x	8,523	0.5	0%
Total					113.2	75%
Equity investments						
	Ticker	Metrics	Valuation amounts (Rmb m)	Ownership	Ownership valuation (Rmb m)	
Ant Group		Estimated	1,000,000	33%	330,000	18.3
Alibaba Health	241 HK	Market valuation	42,880	57%	24,386	1.4
Weibo	WB US	Market valuation	32,780	30%	9,827	0.5
XPeng	XPEV US	Market valuation	118,375	12%	14,785	0.8
Bilibili	BILI US	Market valuation	50,655	7%	3,404	0.2
China International Capital	3908 HK	Market valuation	132,594	9%	11,522	0.6
ZTO Express	2057 HK	Market valuation	133,358	7%	9,922	0.6
Meinian Onehealth	002044 CH	Market valuation	19,650	8%	1,586	0.1
Focus Media	002027 CH	Market valuation	84,342	5%	4,521	0.3
YTO Express	600233 CH	Market valuation	65,792	12%	7,895	0.4
Easyhome	000785 CH	Market valuation	27,357	9%	2,418	0.1
Huatai Securities	601688 CH	Market valuation	112,183	3%	3,343	0.2
TransInfo	002373 CH	Market valuation	13,738	14%	1,938	0.1
Baozun	9991 HK	Market valuation	3,311	11%	375	0.0
Lyft	LYFT US	Market valuation	38,992	2%	672	0.0
Dufry	DUFN SW	Market valuation	23,290	6%	1,421	0.1
Lily & Beauty Cosmetics	605136 CH	Market valuation	6,010	18%	1,057	0.1
BEST	BEST US	Market valuation	572	27%	155	0.0
Singapore Post	SPOST SP	Market valuation	7,490	15%	1,091	0.1
Bestechnic	688608 CH	Market valuation	14,623	3%	408	0.0
E-House	2048 HK	Market valuation	1,035	8%	86	0.0
Groupon	GRPN US	Market valuation	2,817	6%	160	0.0
Red Star Macalline	1528 HK	Market valuation	21,204	2%	393	0.0
Momo	MOMO US	Market valuation	6,928	2%	167	0.0
Utour	002707 CH	Market valuation	5,610	5%	288	0.0
Sinosoft	1297 HK	Market valuation	451	14%	65	0.0
Lianhua Supermarket	980 HK	Market valuation	499	18%	90	0.0
Babytree	1761 HK	Market valuation	869	10%	87	0.0
CooTek	CTK US	Market valuation	N/A	3%	N/A	N/A
Other private equity investments		Estimated			198,701	11.0
Total					35.0	23%
Net cash		FY3/22F forecasted		48,554	2.7	2%
				SoTP valuation	151	

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

BY THE NUMBERS

P/BV vs ROE

12-mth Fwd FD Core P/E vs FD Core EPS Growth


Profit & Loss

(Rmbm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Net Revenues	717,289	853,062	900,343	1,031,009	1,156,991
Gross Profit	296,084	313,612	326,492	378,000	432,287
Operating EBITDA	137,587	109,150	120,823	151,326	180,636
Depreciation And Amortisation	(47,909)	(39,512)	(46,959)	(55,839)	(64,719)
Operating EBIT	89,678	69,638	73,864	95,487	115,917
Financial Income/(Expense)	68,318	(20,611)	13,421	18,845	26,822
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	14,566	24,867	14,344	14,344	14,344
Profit Before Tax (pre-EI)	172,562	73,894	101,629	128,676	157,083
Exceptional Items					
Pre-tax Profit	172,562	73,894	101,629	128,676	157,083
Taxation	(29,278)	(26,815)	(17,457)	(22,866)	(28,548)
Exceptional Income - post-tax					
Profit After Tax	143,284	47,079	84,172	105,809	128,535
Minority Interests	7,294	15,170	16,687	20,024	24,029
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	21,407	74,139	28,313	29,976	25,971
Net Profit	171,985	136,388	129,172	155,809	178,535
Recurring Net Profit	171,985	136,388	129,172	155,809	178,535
Fully Diluted Recurring Net Profit	171,985	136,388	129,172	155,809	178,535

Cash Flow

(Rmbm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
EBITDA	137,587	109,150	120,823	151,326	180,636
Cash Flow from Inv. & Assoc.					
Change In Working Capital	50,508	(10,265)	60,313	14,386	79,224
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	(9,915)	66,433	0	0	0
Other Operating Cashflow	14,566	24,867	14,344	14,344	14,344
Net Interest (Paid)/Received	68,318	(20,611)	13,421	18,845	26,822
Tax Paid	(29,278)	(26,815)	(17,457)	(22,866)	(28,548)
Cashflow From Operations	231,786	142,759	191,444	176,034	272,478
Capex	(43,185)	(52,304)	(80,000)	(80,000)	(80,000)
Disposals Of FAs/subsidiaries	10,061	0	0	0	0
Acq. Of Subsidiaries/investments	(76,175)	(19,453)	(21,964)	(24,161)	(26,577)
Other Investing Cashflow	(134,895)	(126,835)	0	0	0
Cash Flow From Investing	(244,194)	(198,592)	(101,964)	(104,161)	(106,577)
Debt Raised/(repaid)	38,410	(7,809)	1,000	1,000	1,000
Proceeds From Issue Of Shares	175	0	0	0	0
Shares Repurchased	(773)	0	0	0	0
Dividends Paid					
Preferred Dividends	0	0	0	0	0
Other Financing Cashflow	(7,730)	(56,640)	0	0	0
Cash Flow From Financing	30,082	(64,449)	1,000	1,000	1,000
Total Cash Generated	17,674	(120,282)	90,480	72,874	166,901
Free Cashflow To Equity	26,002	(63,642)	90,480	72,874	166,901
Free Cashflow To Firm	(7,932)	(35,222)	94,274	76,701	170,763

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

BY THE NUMBERS... cont'd
Balance Sheet

(Rmbm)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	518,652	492,540	583,020	655,893	822,795
Total Debtors	0	0	0	0	0
Inventories					
Total Other Current Assets	124,708	145,995	139,712	187,459	179,690
Total Current Assets	643,360	638,535	722,731	843,353	1,002,484
Fixed Assets	147,412	171,806	206,386	232,935	251,455
Total Investments	437,410	443,253	465,217	489,378	515,955
Intangible Assets	363,604	328,812	327,274	324,885	321,646
Total Other Non-Current Assets	98,432	113,147	113,147	113,147	113,147
Total Non-current Assets	1,046,858	1,057,018	1,112,023	1,160,345	1,202,203
Short-term Debt	13,437	8,841	8,904	8,966	9,029
Current Portion of Long-Term Debt					
Total Creditors	363,921	374,943	428,972	491,106	562,560
Other Current Liabilities	0	0	0	0	0
Total Current Liabilities	377,358	383,784	437,876	500,072	571,589
Total Long-term Debt	135,716	132,503	133,440	134,378	135,315
Hybrid Debt - Debt Component	0	0	0	0	0
Total Other Non-Current Liabilities	33,912	35,367	35,367	35,367	35,367
Total Non-current Liabilities	169,628	167,870	168,807	169,745	170,682
Total Provisions	59,598	61,706	61,706	61,706	61,706
Total Liabilities	606,584	613,360	668,389	731,523	803,977
Shareholders' Equity	946,143	958,134	1,058,993	1,184,827	1,337,391
Minority Interests	137,491	124,059	107,372	87,348	63,318
Total Equity	1,083,634	1,082,193	1,166,365	1,272,174	1,400,710

Key Ratios

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	40.7%	18.9%	5.5%	14.5%	12.2%
Operating EBITDA Growth	2.8%	(20.7%)	10.7%	25.2%	19.4%
Operating EBITDA Margin	19.2%	12.8%	13.4%	14.7%	15.6%
Net Cash Per Share (Rmb)	17.09	16.29	20.44	23.78	31.47
BVPS (Rmb)	43.76	44.44	49.12	54.96	62.04
Gross Interest Cover	20.04	3.38	15.41	19.78	23.84
Effective Tax Rate	17.0%	36.3%	17.2%	17.8%	18.2%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	-	-	-	-	-
Inventory Days	-	-	-	-	-
Accounts Payables Days	56.10	53.87	55.18	54.68	55.39
ROIC (%)	25.9%	18.8%	19.2%	26.7%	31.6%
ROCE (%)	14.5%	6.5%	8.0%	9.4%	10.5%
Return On Average Assets	6.42%	8.38%	5.61%	6.09%	6.07%

Key Drivers

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
AAU change (%)	11.7%	11.3%	4.0%	5.0%	4.0%
China commerce retail monetization rate (%)	6.2%	7.2%	7.3%	7.4%	7.5%

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

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Description:	Excellent	Very Good	Good	N/A	N/A

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Distribution of stock ratings and investment banking clients for quarter ended on 31 Mar 2022		
632 companies under coverage for quarter ended on 31 Mar 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)

Alibaba Group (9988 HK)

RECOMMENDATION FRAMEWORK

Stock Ratings Definition:

Add	The stock's total return is expected to reach 15% or higher over the next 12 months.
Hold	The stock's total return is expected to be between negative 10% and positive 15% over the next 12 months.
Reduce	The stock's total return is expected to fall below negative 10% over the next 12 months.

The total expected return of a stock is defined as the sum of the:(i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings Definition:

Overweight	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings Definition:

Overweight	An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
Neutral	A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
Underweight	An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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