

Company Report: 58.com Inc. (WUBA US)

公司报告: 58 同城 (WUBA US)

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3Q17 Results Beat Consensus, "Accumulate"

2017年第三季度业绩超市场预期, "收集"

- **58.com Inc. ("58.com" or "the Company") delivered consensus-beating 3Q17 results.** During 3Q17, total revenue reached US\$ 410.2 mn, up 33.3% yoy, beating expectations and exceeding the higher end of the Company's previous guidance. Gross margin improved to 91.6%. Non GAAP net income reached US\$ 72.1 mn while non GAAP net margin stood at 17.5%. 4Q17 revenue guidance was between US\$ 395.5 mn and US\$ 410.6 mn.
- **Key points: 1) Total subscription-based membership accounts stood at 2,611,000 in 3Q17, up 26.3% yoy. 2) Online recruitment business continued to expand rapidly.** Online recruitment business is expected to keep expanding rapidly and it will probably be the most profitable business area of the Company in the next few years. **3) Despite a decline in property business contribution in FY17, we expect that revenue from property business will grow 16% yoy in FY17.** It is expected the business of lower-tier cities will contribute more in the future. **4) Zhuan Zhuan could be the next theme.** The management would like to enlarge their investment in Zhuan Zhuan.
- Raise Target Price to US\$ 85.00 but maintain investment rating as "Accumulate". We revise up our FY17-FY19 non GAAP net income estimates to US\$ 223.3 mn, US\$ 302.7 mn, and US\$ 469.8 mn. Raise TP to US\$ 85.00, which represents 6.7x 2018E PS and 44.4x 2018E non GAAP PE.
- **58 同城("公司")2017 年第三季度业绩高于市场预期。**2017 年第三季度收入达到 410.2 百万美元, 同比增 33.3%, 远超预期及此前盈利指引。毛利率提升至 91.6%。非 GAAP 净利润达到 72.1 百万美元, 非 GAAP 净利率达 17.5%。2017 年第四季度收入指引在 395.5 百万美元至 410.6 百万美元。
- **要点: 1) 2017 年第三季度的付费会员账户大约达到 2.611 百万个, 同比增长 26.3%。2) 在线招聘业务继续快速发展。**预计业务发展保持快速增长, 并有可能于数年后成为公司最大盈利业务。**3) 尽管来自房地产收入占比于 2017 年有所下降, 我们预期该业务于 2017 年将录得 16% 同比增长。**预期更多的收入贡献来自二三线城市。**4) "转转"有可能成为下一个主题。**管理层将增大对"转转"的投资。
- 提高目标价至 85.00 美元, 维持投资评级为"收集"。我们提高了 2017-2019 财年的非 GAAP 盈利预测至 223.3 百万美元, 302.7 百万美元, 和 469.8 百万美元。提高目标价至 85.00 美元, 相当于 6.7 倍 2018 年预测市销率和 44.4 倍的 2018 年预测非 GAAP 市盈率。

Rating:

Accumulate

Maintained

评级:

收集 (维持)

6-18m TP 目标价:

US\$85.00

Revised from 原目标价:

US\$55.00

ADS price ADS 股价:

US\$79.200

Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	17.1	(22.5)	150.8
Rel. % to HS Index 相对恒指变动 %	13.6	13.5	123.4
Avg. share price(HK\$) 平均股价 (港元)	68.8	66.5	45.9

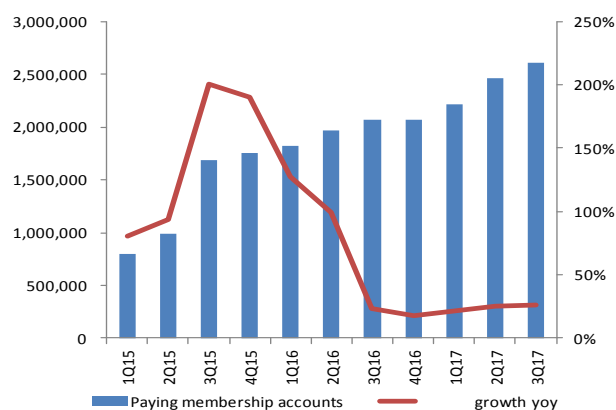
Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(US\$ m)	(US\$ m)	(US\$)	(Δ %)	(x)	(US\$)	(x)	(US\$)	(%)	(%)
2015A	715	(251)	(2.140)	n.a.	(37.0)	23.975	3.3	0.000	0.0	(15.1)
2016A	1,094	(113)	(0.787)	(63.2)	(100.6)	17.781	4.5	0.000	0.0	(4.2)
2017F	1,489	149	0.986	n.a.	80.3	17.920	4.4	0.000	0.0	5.7
2018F	1,830	194	1.223	24.1	64.7	18.290	4.3	0.000	0.0	6.9
2019F	2,166	347	2.090	70.9	37.9	19.509	4.1	0.000	0.0	11.3
ADS in issue (m)	总股数 (m)		145.9		Major shareholder/ Voting rights 大股东/ 投票		Jinbo Yao 10.9%/39.3%			
Market cap. (US\$ m)	市值 (HK\$ m)		11,459.0		Free float (%) 自由流通比率 (%)		13.7			
3 month average vol.	3 个月平均成交股数 ('000)		1,484.1		FY17Net gearing (%) FY17 净负债/股东资金 (%)		Net cash			
52 Weeks high/low (US\$)	52 周高/低		79.790 / 27.580		FY18 P/S FY18 市销率		6.7			

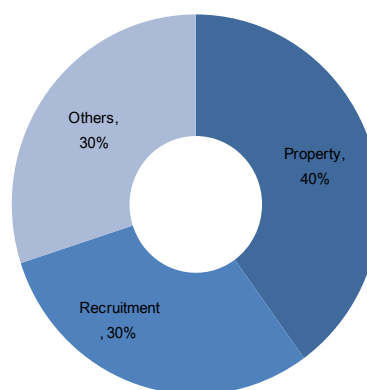
Source: the Company, Guotai Junan International.

58.com Inc. ("58.com" or "the Company") delivered consensus-beating 3Q17 results. During 3Q17, total revenue reached US\$ 410.2 mn, up 33.3% yoy, beating expectations and exceeding the higher end of the Company's previous guidance. Revenue is mainly generated from memberships and online marketing services, which contributed US\$ 149.8 mn and US\$ 250.2 mn, respectively. Gross margin improved to 91.6%, and slightly increased by 2 pts yoy or 7 pts qoq. Non GAAP net income reached US\$ 72.1 mn while the non GAAP net margin stood at 17.5%. 4Q17 revenue guidance was between US\$ 395.5 mn and US\$ 410.6 mn.

Total subscription-based membership accounts stood at 2,611,000 in 3Q17, up 26.3% yoy. Due to an increasing number of subscription-based membership accounts, membership revenue reached US\$ 149.8 mn, up 26.7% yoy. The Company is enhancing membership ARPU in order to drive membership revenue. The price hike process is still ongoing for all paying accounts, and it is expected to be finalized by the end of 2017. It is positive for growth of member revenue. Also, the strategy of offering a better user experience and targeting lower-tier cities might help to sustain solid growth of subscription-based membership accounts. We expect that new subscription membership accounts will surpass 3 million in 2018. Overall, the increasing number of paying accounts with incremental membership subscription fees will help to raise revenue. So we predict that revenue from memberships will grow 31.2%/ 20.2%/ 18.0% in FY17/ FY18/ FY19, respectively.

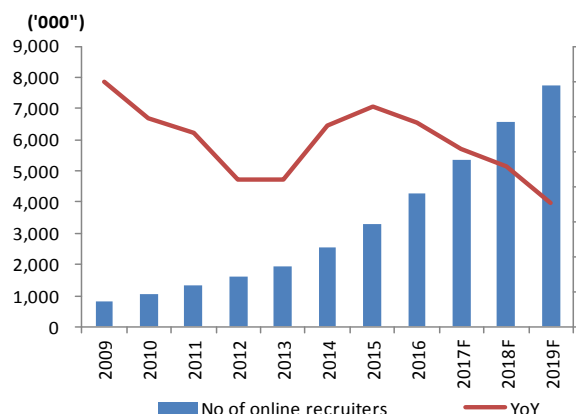
Figure-1: Growth of Paying Membership Accounts


Source: the Company, Guotai Junan International.

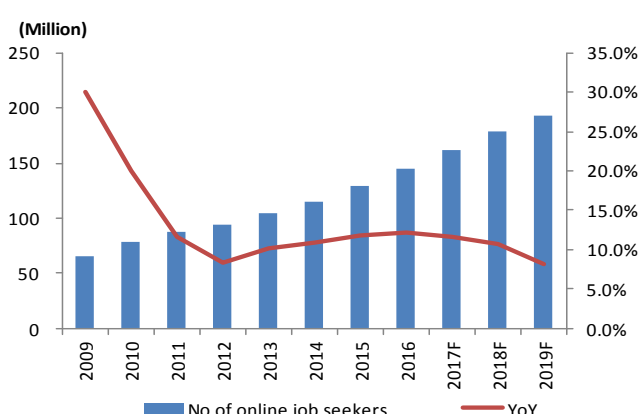
Figure-2: 3Q17's Revenue Breakdown by Vertical Segment


Source: the Company, Guotai Junan International.

Online recruitment business continues to expand rapidly. The quarterly revenues for 3Q17 exceeded US\$ 100 mn, which accounted for approximately 30% of total revenue. Now Ganji and the ChinaHR teams are fully integrated with the 58.com team, which has become the largest blue-collar online recruiting platform in China. 58.com has introduced instant messaging posts for users to chat online, share pictures, leave voice messages and create video chats. These features provide a convenient way for recruiters to recruit and job seekers to find jobs, so the whole process can be completed online. A better user experience can improve word of mouth marketing. According to iResearch, the number of online job applicants reached approximately 145 mn in 2016, and will reach 190 mn by 2019. The management stated that their objective is to be the largest online recruitment services platform. However, we see that the Company's strategy is shifting from higher-tier to lower-tier cities. We believe that the blue collar job market will remain as the main focus of the Company's recruitment business over the next few years. Most blue collar candidates are mid- and low-income earners who actually come from smaller cities or counties. Also, the management said that blue collar candidates generally change job twice a year. We think that growth of the blue collar job market will outperform due to the popularization of smartphones and increasing penetration of internet in lower-tier cities. The Company's online recruitment business is expected to continue to grow rapidly; it could probably become the most profitable business of the Company in the next few years. In our view, the white-collar job market will be the next target market in the long term, until the blue-collar job market has been well-developed. Overall, we estimate online recruitment business to post 56% yoy revenue growth in FY17. Revenue contribution from recruitment business will further increase in the future, and we expect that it will achieve 35% revenue growth in FY18.

Figure-3: Number of Online Recruiters in China


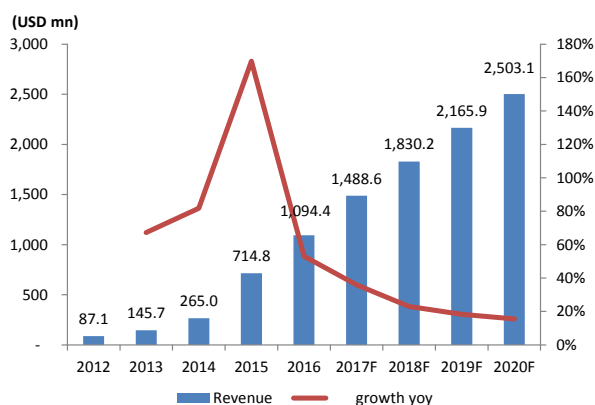
Source: iResearch, Guotai Junan International.

Figure-4: Number of Online Job Seekers in China


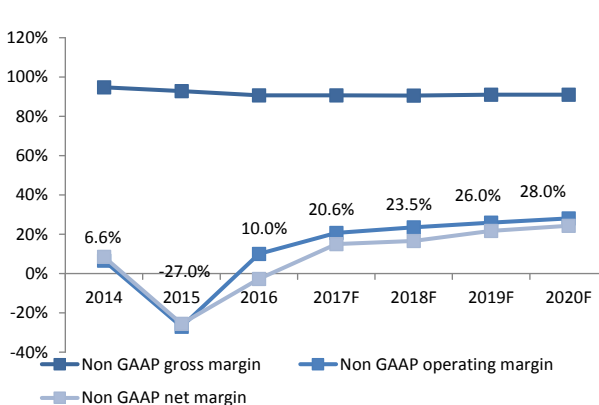
Source: iResearch, Guotai Junan International.

Despite a decline in property business contribution in FY17, we expect revenue of property business to grow 16% yoy in FY17. Thanks to the better penetration in tier-3 and tier-4 cities and lower expectations at the beginning of FY17, results were better than expected. The dominant position of 58.com and Ganji have jointly driven rental business, which partly offset the impact of government curbs on property markets in top-tier cities. The management told investors that they will remain cautious over the coming year because there is no clear sign that the government will ease tightening property policies. Against this backdrop, 58.com is shifting its focus to lower-tier cities, because of fewer policy restrictions. 58.com is using new technology to enhance user experience and hence improve customer loyalty and word of mouth marketing. From our perspective, house prices are a key factor affecting property business revenue, which heavily depends on the government's policy on the housing market. The Chinese government is closely monitoring the property market to prevent a housing bubble and big fluctuations in major cities. The housing markets in Tier-1 and Tier-2 cities have not yet weathered hard times. However, the Company's property business in 2017 still outperformed the market. It proves that the Company's shifting focus strategy is effective. It is expected that businesses in lower-tier cities will contribute more in the future, but the Company remains cautious on property business in major cities. Overall, we think that revenue from property business will remain flat in the short to medium term.

Zhuan Zhuan could be the next theme, which is a used goods trading platform incubated by 58.com. In April 2017, the Company signed an agreement with Tencent Holdings Limited ("Tencent") to raise US\$ 200 mn for developing Zhuan Zhuan. 58.com continues to provide business support to Zhuan Zhuan. Recent reports show that users of Zhuan Zhuan exceeded 100 mn and the transaction amount reached RMB 21 bn in 2017, up 200% yoy. According to Questmobile, DAU of Zhuan Zhuan stood at approximately 17 mn as at September 2017. Furthermore, the management said that they would enlarge investment on Zhuan Zhuan, and that they do believe in a bright future for Zhuan Zhuan. We believe that the ecosystem of Tencent might help increase traffic volume to Zhuan Zhuan in order to accelerate its growth rate. In our view, the online used goods market is a brand new market. As the sharing economy concept is spreading across China, the used goods market has become a valuable market. It could be the next catalyst to the Company's share price, even though margins may fluctuate in the near term.

Figure-5: 58.com's Revenue Growth


Source: the Company, Guotai Junan International.

Figure-6: 58.com's Profit Margin Estimates


Source: the Company, Guotai Junan International.

Raise Target Price to US\$ 85.00 but maintain investment rating as "Accumulate". 58.com has dominated China's online blue-collar recruitment market. The strategy of expanding into the market of lower-tier cities and offering more value-added services helps 58.com cement its market leading position in China's online blue collar recruitment market. It could be their most profitable business over the next few years. Gross margin is very stable, staying above 90%, which reflects the Company's high operational efficiency. We revise up our FY17-FY19 non GAAP net income estimates to US\$ 223.3 mn, US\$ 302.7 mn, and US\$ 469.8 mn. Raise TP to US\$ 85.00, representing 6.7x 2018E PS and 44.4x 2018E non GAAP PE. Risk factors: further policy tightening in the property market, lower-than-expected growth in the online recruitment business or unsuccessful development of business in the lower-tier cities.

Table 1: Quarterly Results of 58 Group

(US\$ Million)	3Q16	4Q16	1Q17	2Q17	3Q17	3Q17 yoy	4Q17F	1Q18F
Total revenues	306.5	306.6	288.2	382.8	410.2	33.9%	407.4	360.6
Cost of revenues	(26.5)	(31.0)	(28.9)	(34.7)	(34.3)	29.6%	(40.7)	(35.7)
Gross profit	280.0	275.6	259.3	348.1	375.9	34.3%	366.6	324.9
Sales and marketing expenses	(188.2)	(179.2)	(180.6)	(189.2)	(202.8)	7.8%	(232.2)	(222.4)
Research and development expenses	(45.8)	(45.8)	(45.6)	(47.7)	(56.2)	22.6%	(57.8)	(57.7)
General and administrative expenses	(24.5)	(22.1)	(21.8)	(25.2)	(38.2)	55.9%	(28.5)	(25.8)
Income/(loss) from operations	21.5	28.5	11.3	86.0	78.7	266.1%	48.1	19.1
Interest income	(2.6)	(1.4)	(0.8)	(0.7)	0.3	n.a.	0.3	(0.3)
Investment income/(loss), net	(0.2)	(19.1)	1.1	37.1	8.4	n.a.	1.5	5.3
Foreign currency exchange income/(loss), net	(0.4)	0.0	(0.0)	0.0	0.0	n.a.	0.0	0.0
Share of results of equity investees	(53.1)	(32.9)	(14.4)	(30.7)	(27.4)	-48.4%	(25.5)	(12.9)
Others, net	3.8	0.1	0.1	0.5	6.4	68.1%	2.5	2.6
Income/(loss) before tax	(31.0)	(24.6)	(2.7)	92.1	66.4	n.a.	26.9	13.8
Income tax benefits/(expenses)	1.8	5.5	0.3	(8.2)	(7.7)	n.a.	(2.7)	(2.1)
Net income/(loss)	(29.2)	(19.2)	(2.5)	83.9	58.7	n.a.	24.2	11.7
Add: Net loss attributable to noncontrolling interests	(0.1)	0.1	(0.0)	(0.3)	(0.3)	224.1%	(0.1)	(0.1)
Deemed dividend to mezzanine classified noncontrolling interests	(0.6)	(0.7)	(0.7)	(4.0)	(5.2)	750.1%	(5.2)	(5.2)
Net income/(loss) attributable to 58.com Inc.	(29.9)	(19.7)	(3.1)	79.6	53.2	n.a.	18.8	6.4
Basic ADS	(0.208)	(0.136)	(0.022)	0.542	0.359	n.a.	0.129	0.044
Diluted ADS	(0.208)	(0.136)	(0.022)	0.542	0.359	n.a.	0.129	0.044
Non GAAP operating profit	40.0	46.7	31.5	105.7	99.9	150.2%	69.9	46.9
Non GAAP net income	(0.6)	(0.7)	15.3	97.7	72.1	n.a.	38.2	29.4

Source: the Company, Guotai Junan International.

Table-2: WUBA Group's Peers Comparison

Company	Stock Code	Currency	Last price	Market Cap	Adjusted PE			GAAP PE			EV/EBITDA			PS		
				(million)	mn HKD	FY17F	FY18F	FY19F	FY17F	FY18F	FY19F	FY17F	FY18F	FY19F	FY17F	FY18F
Global Large Ecommerce Conglomerate																
Alibaba Group Holding-Sp Adr	BABA US	USD	189.84	3,796,809.8	55.2	37.7	28.8	76.7	47.6	34.9	43.1	29.0	21.4	20.6	13.1	9.7
Ebay Inc	EBAY US	USD	35.94	293,164.6	17.9	16.1	14.5	18.3	20.1	18.1	8.9	7.9	7.0	3.9	3.7	3.4
Amazon.Com Inc	AMZN US	USD	1156.16	4,350,560.5	99.3	71.8	48.8	267.0	137.4	76.3	29.1	21.0	15.5	3.1	2.4	2.0
Yahoo Japan Corp	4689 JT	JPY	506	202,260.2	21.1	21.5	19.3	21.1	21.6	19.4	10.6	10.3	8.9	3.4	3.2	3.0
Rakuten Inc	4755 JT	JPY	1128.5	113,584.6	19.2	18.4	15.3	20.0	19.9	16.6	10.5	10.4	9.0	1.8	1.6	1.4
Simple Average					42.5	33.1	25.3	80.6	49.3	33.0	20.5	15.7	12.4	6.5	4.8	3.9
Weighted Average					74.6	53.3	37.8	167.3	90.4	54.3	33.9	23.7	17.5	10.7	7.1	5.4
China Vertical Ecommerce																
Jd.Com Inc-Adr	JD US	USD	39.79	443,818.4	95.9	51.0	30.9	n.a.	81.0	34.4	76.2	35.7	17.9	1.0	0.8	0.6
Vipshop Holdings Ltd - Adr	VIPS US	USD	8.44	38,891.8	12.2	11.2	9.6	2.6	2.1	1.6	8.4	6.6	4.7	0.5	0.4	0.3
58.Com Inc-Adr	WUBA US	USD	79.2	90,612.5	51.7	34.2	24.8	74.4	40.5	29.0	36.4	23.3	15.8	7.8	6.3	5.2
Ctrip.Com International-Adr	CTRP US	USD	48.03	192,500.2	51.8	36.9	24.5	13.3	8.5	5.0	45.2	30.2	19.1	6.0	4.8	3.8
Simple Average					52.9	33.3	22.5	30.1	33.0	17.5	41.5	23.9	14.4	3.8	3.1	2.5
Weighted Average					75.3	43.4	27.5	12.3	54.0	24.7	60.3	31.4	17.3	3.1	2.4	2.0
China Internet Conglomerate																
Tencent Holdings Ltd	700 HK	HKD	419.6	3,985,748.6	52.0	40.1	30.8	48.1	38.9	29.8	36.1	27.3	20.5	14.1	10.2	7.9
Baidu Inc - Spon Adr	BIDU US	USD	249.65	674,286.7	29.6	27.2	21.2	29.3	28.1	21.8	23.8	19.6	14.7	6.7	5.5	4.5
Simple Average					40.8	33.6	26.0	38.7	33.5	25.8	30.0	23.4	17.6	10.4	7.8	6.2
Weighted Average					48.7	38.2	29.4	45.4	37.4	28.6	34.3	26.1	19.7	13.0	9.5	7.4
Global HR Companies																
Recruit Holdings Co Ltd	6098 JT	JPY	2626.5	312,559.2	51.4	30.9	27.1	54.1	31.3	27.6	18.5	15.5	13.2	2.4	2.0	1.9
Manpowergroup Inc	MAN US	USD	127.55	66,006.0	18.2	16.6	15.2	18.1	16.6	15.3	10.0	8.7	7.6	0.4	0.4	0.4
Randstad Holding Nv	RAND NA	EUR	49.955	84,652.5	12.2	11.4	11.0	14.9	12.8	13.1	9.3	8.2	7.6	0.4	0.4	0.4
51Job Inc-Adr	JOBS US	USD	61.72	29,777.2	29.1	24.3	19.7	n.a.	n.a.	n.a.	22.2	16.8	13.7	8.9	7.3	6.5
Simple Average					27.7	20.8	18.3	29.0	20.3	18.7	15.0	12.3	10.5	3.0	2.5	2.3
Weighted Average					38.9	25.2	22.3	39.3	24.3	21.8	16.0	13.4	11.5	2.2	1.9	1.7
Simple Average					41.1	29.9	22.8	50.6	36.2	24.5	25.9	18.0	13.1	5.4	4.1	3.4
Weighted Average					65.2	47.1	34.1	116.2	69.4	43.5	34.8	24.5	18.0	10.8	7.5	5.7

Source: Bloomberg, Guotai Junan International. Prices as at November 24, 2017.

Financial Statements and Ratios

Income Statement	2015A	2016A	2017F	2018F	2019F
Total revenues	714.8	1,094.4	1,488.6	1,830.2	2,165.9
Cost of revenues	(51.3)	(102.0)	(138.7)	(174.2)	(195.4)
Gross profit	663.6	992.5	1,349.9	1,656.0	1,970.5
Sales and marketing expenses	(689.0)	(712.3)	(804.8)	(972.7)	(1,130.8)
Research and development expenses	(121.4)	(159.7)	(207.3)	(259.2)	(285.6)
General and administrative expenses	(105.0)	(86.8)	(113.7)	(125.4)	(139.8)
Income/(loss) from operations	(251.9)	33.7	224.1	298.5	414.3
Interest income	(4.0)	(7.3)	(2.4)	(1.5)	(0.8)
Investment income/(loss), net	(44.1)	(21.0)	48.1	24.2	26.6
Foreign currency exchange income/(loss), net	(1.7)	(0.5)	0.1	0.2	0.2
Share of results of equity investees	(95.7)	(133.6)	(98.0)	(79.2)	(63.4)
Others, net	126.5	9.9	9.5	11.3	13.8
Income/(loss) before tax	(270.9)	(118.8)	182.7	253.5	390.7
Income tax benefits/(expenses)	8.0	7.3	(18.3)	(38.0)	(20.8)
Net income/(loss)	(263.0)	(111.4)	164.4	215.5	369.9
Add: Net loss attributable to noncontrolling interests	12.9	0.7	(0.7)	(1.0)	(1.7)
Deemed dividend to mezzanine classified noncontrolling interests	(0.9)	(2.4)	(15.2)	(21.0)	(21.0)
Net income/(loss) attributable to 58.com Inc.	(250.9)	(113.0)	148.5	193.5	347.2
Basic EPS	(1.070)	(0.394)	0.493	0.612	1.045
Basic ADS	(2.140)	(0.787)	0.986	1.223	2.090
Weighted average number of ordinary shares Basic	234.8	287.0	301.3	316.4	332.2
Weighted average number of ADS Basic	117.4	143.5	150.7	158.2	166.1
Non GAAP gross profit	663.7	992.7	1,350.1	1,656.4	1,971.0
Non GAAP operating profit	(193.3)	109.2	307.0	430.3	562.1
Non GAAP net income attributable to 58.com Inc.	(182.5)	(30.4)	223.3	302.2	469.1

Cash Flow Statements	2015A	2016A	2017F	2018F	2019F
Net income/(loss)	(263.0)	(111.4)	164.4	215.5	369.9
Share-based compensation expenses	28.1	38.4	50.9	100.7	119.1
Depreciation and amortization expenses	33.2	58.6	137.3	136.4	136.9
Other non cash gains/loss	48.2	167.4	(48.2)	(24.4)	(26.8)
Working capital change	164.4	119.1	211.5	130.8	35.4
Net cash provided by/(used in) operating activities	10.8	272.1	515.9	558.9	634.4
Cash flows from investing activities:					
Capex	(196.7)	(30.7)	(134.3)	(137.9)	(142.9)
Investment	(291.0)	(537.6)	(352.2)	(376.4)	(436.6)
Other cash proceeds related to investing activities.	44.5	(0.9)	(1.1)	(1.3)	(1.6)
Net cash used in investing activities	(443.2)	(569.1)	(487.5)	(515.6)	(581.0)
Cash flows from financing activities:					
New share issuance	403.4	3.0	3.4	3.7	4.1
Net borrowings	401.6	1.3	28.9	16.4	27.9
Others	0.0	4.1	83.2	54.5	92.9
Net cash provided by financing activities	805.0	8.5	115.5	74.6	124.9
Effect of exchange rate changes on cash and cash equivalents	(30.9)	9.2	10.5	12.1	13.9
Net increase/(decrease) in cash and cash equivalents	341.0	(279.4)	154.4	130.1	192.2
Cash and cash equivalents at the beginning of the year	111.4	452.4	173.1	327.5	457.5
Cash and cash equivalents at the end of the year	452.4	173.1	327.5	457.5	649.8

Source: the Company, Guotai Junan International.

Balance Sheet	2015A	2016A	2017F	2018F	2019F
Current assets					
Cash and cash equivalents	483.3	173.1	327.5	457.5	649.8
Restricted cash	4.8	166.1	174.4	183.1	192.2
Term deposits	0.0	3.8	4.2	4.6	5.1
Short-term investments	41.2	120.2	126.2	132.5	139.1
Accounts receivable, net	54.0	61.3	101.9	98.7	138.7
Prepayments and other current assets	0.0	0.0	0.0	0.0	0.0
Total current assets	76.9	61.4	142.5	88.2	161.1
	660.3	585.7	876.6	964.5	1,285.9
Non-current assets					
Property and equipment, net	123.1	213.5	234.8	258.3	284.1
Intangible assets, net	271.5	220.9	219.9	197.9	178.1
Land use rights, net	0.6	0.5	0.6	0.7	0.7
Goodwill	2,461.2	2,292.6	2,292.6	2,292.6	2,292.6
Long-term investments	391.3	305.4	381.7	477.2	596.5
Long-term prepayments	159.3	32.3	37.1	42.7	49.1
Total non-current assets	3,406.9	3,065.1	3,166.7	3,269.3	3,401.1
Total assets	4,067.2	3,650.9	4,043.3	4,233.8	4,687.0
Current liabilities					
Short-term loan	275.0	265.6	176.5	98.6	50.7
Accounts payable	101.6	88.2	153.7	123.7	180.8
Deferred revenues	207.1	266.1	386.4	415.8	474.3
Customer advances and deposits	151.1	178.2	148.1	202.9	188.7
Taxes payable	10.2	9.0	9.4	9.9	10.4
Salary and welfare payable	79.1	79.8	140.4	130.3	142.6
Accrued expenses and other current liabilities	335.9	104.9	221.3	250.0	284.1
Total current liabilities	1,160.1	991.8	1,235.8	1,231.2	1,331.6
Long term loans	0.0	21.6	14.4	8.0	4.1
Deferred tax liabilities	66.2	53.9	59.3	65.2	71.7
Other non-current liabilities	4.0	10.1	11.1	12.2	13.4
Total non-current liabilities	70.2	85.6	84.7	85.4	89.3
Total liabilities	1,230.3	1,077.4	1,320.6	1,316.6	1,420.9
Mezzanine equity					
Mezzanine equity - non controlling interests	15.0	12.5	12.5	12.5	12.5
Total mezzanine equity	15.0	12.5	12.5	12.5	12.5
Total shareholders' equity	2,814.8	2,551.3	2,699.8	2,893.3	3,240.5
Non controlling interests	7.1	9.7	10.4	11.4	13.1
Total equity	2,821.9	2,561.0	2,710.3	2,904.7	3,253.6
BVPS	24.0	17.8	17.9	18.3	19.5

Key Indicators	2015A	2016A	2017F	2018F	2019F
Growth%					
Non GAAP gross profit	164.3%	49.6%	36.0%	22.7%	19.0%
Non GAAP operating profit	n.a.	-156.5%	181.2%	40.2%	30.6%
Non GAAP net income	n.a.	-83.3%	n.a.	35.3%	55.2%
Margin%					
Non GAAP gross margin	92.8%	90.7%	90.7%	90.5%	91.0%
Non GAAP operating margin	-27.0%	10.0%	20.6%	23.5%	26.0%
Non GAAP net margin	-25.5%	-2.8%	15.0%	16.5%	21.7%

24 November 2017

58.com Inc. 58同城 (WUBA US)

Company Report

Company Rating Definition

The Benchmark: NASDAQ Composite Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: NASDAQ Composite Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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