

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

公司报告: 58 同城 (WUBA US)

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27 March 2018

# 4Q17 Results Beat Consensus, Stable Growth Expected in 2018, "Accumulate"

2017年四季度业绩好于预期, 2018年预期稳定增长, "收集"

- **58.com Inc ("the Company") posted consensus-beating 4Q17 results.** During 4Q17, total revenue reached RMB 2,764.7 mn, up 32.0% yoy, beating consensus by 3.6% and exceeding the higher end of the Company's previous guidance. Gross margin hit 90.5%, and increased by 0.6 ppts yoy. Non GAAP net income reached RMB 549.0 mn while the non GAAP net margin stood at 19.9%. 1Q18 revenue guidance was between RMB 2,290 mn and RMB 2,390 mn, representing growth rate of 15.2% to 20.2%.
- **Key points: 1) Total subscription-based paying membership accounts is expected to surpass 3 mn in 2018. 2) Online recruitment business continues to expand rapidly.** Online recruitment business is expected to keep expanding rapidly and it is expected to be the most profitable business area of the Company by 2019. **3) Property category is expected to remain stable in 2018.** We think the Company's property category will post moderate growth in 2018. **4.) The Company continues to invest in the high potential new businesses.** We think it could be the catalyst which boosts valuation in the future, however, margin expansion might be slower than we previously assumed.
- **Raise Target Price to US\$ 90.00 but maintain investment rating as "Accumulate".** Stable property category and positive online recruitment business is expected to be sustained in 2018. Our FY18-FY20 non GAAP net income estimates are RMB 2,201.7 mn, RMB 2,807.4 mn and RMB 3,588.3 mn, respectively. Our new TP represents 6.8x 2018E PS and 39.6x 2018E non GAAP PE.
- **58 同城("公司")2017 年第四季度业绩高于市场预期。**2017 年第四季度收入达到人民币 2,764.7 百万元, 同比增 32.0%, 超预期 3.6%及此前盈利指引上限。毛利率达 90.5%, 同比上升 0.6 个百分点。非 GAAP 净利润达到人民币 549.0 百万元, 非 GAAP 净利率达 19.9%。2018 年第一季度收入指引在人民币 2,290 百万元至人民币 2,390 百万元, 相当于 15.2%至 20.2%的增长率。
- **要点: 1) 2018 年付费会员账户预计将会超过 3 百万个。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, 并预期于 2019 年成为公司最大盈利业务。**3) 房地产类别预计于 2018 年保持稳定。**我们认为公司房地产类别将会温和增长。**4) 公司继续投资高潜力新业务。**我们认为此举有助于将来提升估值, 但亦令毛利扩张慢于我们较早的估计。
- **提高目标价至 90.00 美元, 维持投资评级为"收集"。**稳定的房地产类别和正面的网上招聘业务预计在 2018 年仍会持续。我们 2018-2020 财年的非 GAAP 盈利预测为人民币 2,201.7 百万元, 人民币 2,807.4 百万元, 和人民币 3,588.3 百万元。新目标价相当于 6.8 倍 2018 年预测市销率和 39.6 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\$90.00**

Revised from 原目标价:

US\$85.00

ADS price ADS价格:

US\$82.610

## Stock performance

股价表现



Change in ADS Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. %			
绝对变动 %	9.5	15.0	122.9
Rel. % to NASDAQ Index			
相对纳指变动 %	11.0	10.9	99.2
Avg. ADS price(US\$)			
平均股价 (美元)	78.6	77.7	59.8

Source: Bloomberg, Guotai Junan International.

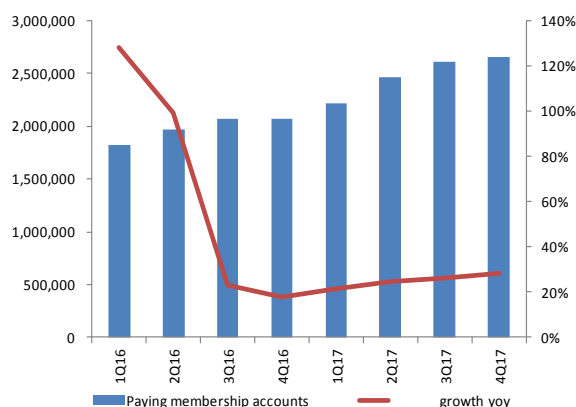
Year End	Turnover	Net Profit	Earnings/ADS	Earnings/ADS	PER	BV/ADS	PBR	DP ADS	Yield	ROE
年结	收入	股东净利	每份 ADS 净利	每份 ADS 净利变	市盈率	每股 ADS	市净率	每股 ADS	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2016A	7,592	(784)	(5.462)	n.a.	n.a.	123.344	4.7	0.000	0.0	(4.4)
2017A	10,069	1,285	8.818	n.a.	59.4	135.470	3.9	0.000	0.0	6.9
2018F	12,234	1,577	10.304	16.9	50.8	139.323	3.8	0.000	0.0	7.7
2019F	14,686	2,102	13.080	26.9	40.0	145.769	3.6	0.000	0.0	9.4
2020F	17,405	2,784	16.500	26.1	31.7	155.328	3.4	0.000	0.0	11.2
ADS in issue (m)	总 ADS 数 (m)		147.0		Major shareholder 大股东		JinBo Yao		10.5%	
Market cap. (US\$ m)	市值 (US\$ m)		12,148.1		Free float (%) 自由流通比率 (%)				89.5	
3 month average vol.	3 个月平均成交股数 ('000)		1,123.4		FY18 Net gearing (%) FY18 净负债/股东资金 (%)				Net Cash	
52 Weeks high/low (US\$)	52 周高/低 (US\$)		87.650 / 34.550		FY18 PS FY18 市销率				6.3	

Source: the Company, Guotai Junan International.

**58.com Inc ("the Company") posted consensus-beating 4Q17 results.** During 4Q17, total revenue reached RMB 2,764.7 mn, up 32.0% yoy, beating consensus by 3.6% and exceeding the higher end of the Company's previous guidance. Revenue is mainly generated from memberships and online marketing services, which contributed RMB 1,038.8 mn and RMB 1,644.5 mn, respectively. Gross margin hit 90.5%, an increase of 0.6 ppts yoy. Non GAAP net income reached RMB 549.0 mn while the non GAAP net margin stood at 19.9%. 1Q18 revenue guidance was between RMB 2,290 mn and RMB 2,390 mn, representing growth rate of 15.2% to 20.2%.

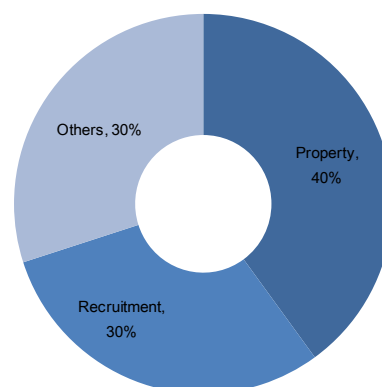
**Total subscription-based paying membership accounts is expected to surpass 3 mn in 2018,** previously 2,654,000 in 4Q17, up 28.2% yoy. Due to solid growth of subscription-based membership accounts, membership revenue reached a record high of RMB 1,038.8 mn, up 27.9% yoy. For the full year of 2017, total member revenue reached RMB 3,789.5 mn, up 28.4% yoy. During 2017, the number of quarterly average paying membership accounts on the Company's platforms was approximately 2,485,000. The Company has already covers about 8,000 towns and targets to put 30,000 towns (10 mn users) under its coverage by the end of 2018. There were about 800,000 quarterly paying merchants; it is expected to continue growing to more than 1,000,000 quarterly paying merchants, according to the management. Driven by price hikes of increasing subscription membership accounts and more coverage areas in China, we believe that total subscription-based membership accounts will maintain solid growth and is very likely to surpass 3 mn in 2018. Overall, we predict revenue from memberships to grow 21.5%/ 20.0%/ 18.5% in FY18/ FY19/ FY20, respectively.

**Figure-1: Growth of Paying Membership Accounts**



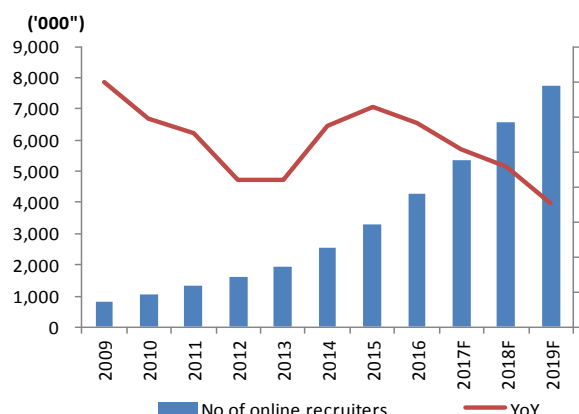
Source: the Company, Guotai Junan International.

**Figure-2: 4Q17 Revenue Breakdown by Vertical Segment**

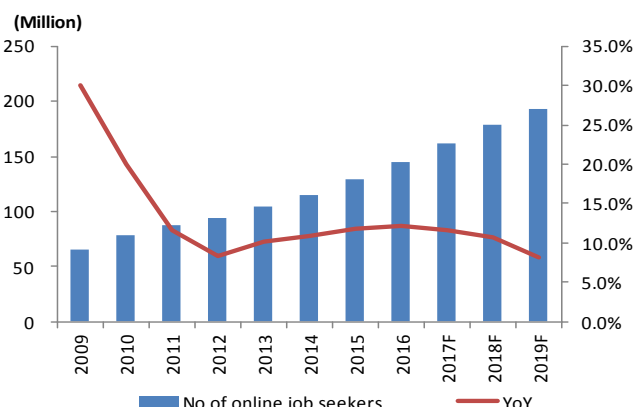


Source: the Company, Guotai Junan International.

**Online recruitment business continues to expand rapidly.** According to the Company's guidance, online recruitment business accounted for approximately 30% of total revenue during 4Q17. Based on our rough calculation, it reached approximately RMB 829 mn, up 58.4% yoy. According to iResearch, the number of online job applicants might reach approximately 145 mn in 2016, and will reach 190 mn by 2019. We think 58.com, a leading blue-collar online recruitment platform, will take advantage of the increasing number of online job applicants. Meanwhile, the management told investors that online recruitment business would further increase revenue contribution in 2018, compared to 30% of that in 2017. Besides, the Company's focus is shifting to lower-tier cities because population in lower-tier cities accounts for about half of the population in China. Therefore, the Company still has huge potential to capture more blue-collar candidates in lower-tier cities. Furthermore, the effect from economies of scale could help the Company to gather more job information, which in turn cements 58.com's market position. The Company's online recruitment business is expected to continue to grow rapidly; it is expected to become the most profitable business of the Company by 2019. Overall, we expect online recruitment business to achieve over 40% of revenue growth in FY18.

**Figure-3: Number of Online Recruiters in China**


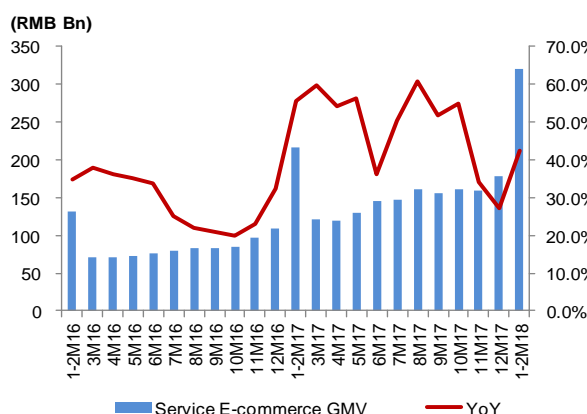
Source: iResearch, Guotai Junan International.

**Figure-4: Number of Online Job Seekers in China**


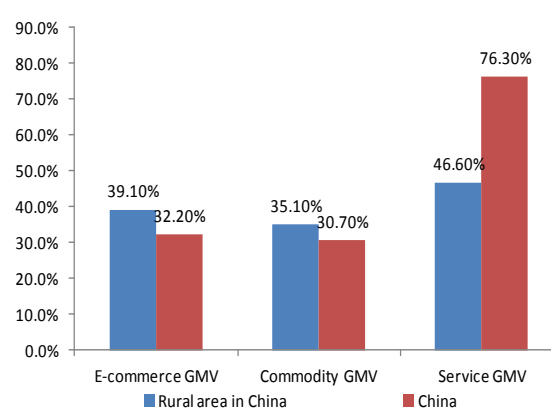
Source: iResearch, Guotai Junan International.

**The property category is expected to remain stable in 2018.** As of the beginning of 2017, the Company has remained cautious on the property category and further tuned down contribution from that business. However, the property category has gradually performed better than expected. This is due to better penetration in lower-tier cities and lower expectations at the beginning of FY17. According to the management, revenue generated from the property category in the lower-tier cities increased to 35% in FY17, compared to 20% in FY16. Going forward, we expect the property market in 2018 to remain stable like in 2017, as the Chinese government would like to reduce big fluctuations in the property market. So we think the Company's property category will post moderate growth due to economies of scale and booming rental business.

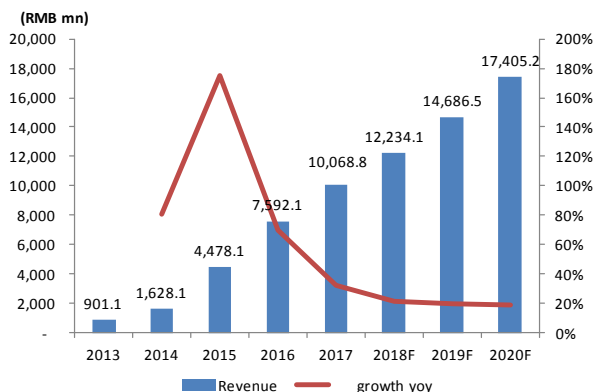
**The Company continues to invest in high potential new businesses, such as Zhuan Zhuan and 58 Tong Zhen.** During the 4Q17 earnings conference call, the management told investors that they do believe in a bright future for their new businesses. They are going to reinvest part of the profits from the core business into those high potential new businesses, in order to create long-term values. Those new businesses are targeting huge markets with low penetration rates in China. Historically, the Company has successfully incubated new businesses like 58 Home. We think the management has strong execution capability and experience. Meanwhile, the Company focuses on China's online services area, which is a fast growing sector in China. Looking back at 2017, China's e-commerce services GMV reached RMB 1,694.5 bn, up 76.3% yoy, in which GMV of service e-commerce in rural areas hit RMB 462.2 bn, up 46.6% yoy. We believe that online service e-commerce has greater prospects in the future, especially in rural areas. We think that increasing per capita wages in rural areas might accelerate growth of service e-commerce. Overall, the new businesses could create long-term values of the Company. The strategy in lower-tier cities might offer great opportunities for the Company to expand in China's online service e-commerce. We think it could be the catalyst that boosts valuation in the future, however, margin expansion might be slower than we previously assumed due to new business investment. We fine-tune the non GAAP operating margin forecasts for FY18/ FY19/ FY20 to 23.8% 24.2% and 25.3%, respectively.

**Figure-5: China's Service E-commerce GMV**


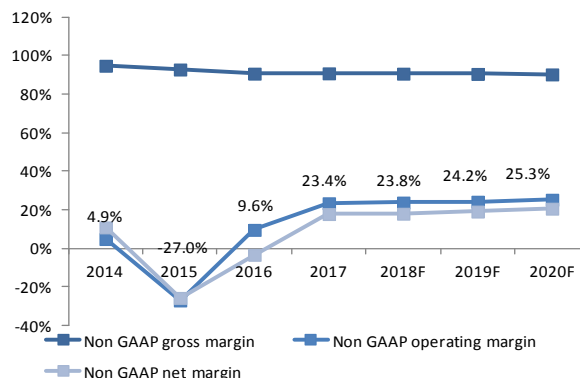
Source: National Bureau of Statistics of China, Guotai Junan International.

**Figure-6: 2017 GMV Growth Rate in China Rural Area**


Source: National Bureau of Statistics of China, Guotai Junan International.

**Figure-7: 58.com's Revenue Growth**


Source: the Company, Guotai Junan International.

**Figure-8: 58.com's Profit Margin Estimates**


Source: the Company, Guotai Junan International.

**Raise Target Price to US\$ 90.00 but maintain investment rating as "Accumulate".** 58.com posted consensus-beating 4Q17 results. Gross margin has been very stable in the past few years, staying above 90%, which reflects the Company's high operational efficiency. The Company might take advantage of growth in online service e-commerce. The new businesses might continue to fuel top-line growth, but may also drag the bottom line. A stable property category and positive recruitment business is expected to be sustained in 2018. Our FY18-FY20 non GAAP net income attributable to shareholders estimates are RMB 2,201.7 mn, RMB 2,807.4 mn and RMB 3,588.3 mn, respectively. Our new TP represents 6.8x 2018E PS and 39.6x 2018E non GAAP PE. Risk factors: further policy tightening in the property market, lower-than-expected growth in online recruitment business or unsuccessful development of business in lower-tier cities.

**Table 1: Quarterly Results of 58 Group**

(RMB Million)	4Q16	1Q17	2Q17	3Q17	4Q17	4Q17 yoy	1Q18F	2Q18F
Total revenues	2,094.8	1,988.3	2,593.3	2,722.5	2,764.7	32.0%	2,380.7	3,112.9
Cost of revenues	(212.2)	(199.6)	(235.3)	(227.8)	(262.9)	n.a.	(236.6)	(295.7)
Gross profit	1,882.5	1,788.7	2,358.0	2,494.8	2,501.8	32.9%	2,144.1	2,817.2
Sales and marketing expenses	(1,224.7)	(1,246.0)	(1,281.6)	(1,346.2)	(1,338.6)	n.a.	(1,468.2)	(1,507.2)
Research and development expenses	(313.4)	(314.5)	(323.2)	(372.9)	(357.9)	n.a.	(392.8)	(442.0)
General and administrative expenses	(150.9)	(150.3)	(170.9)	(253.3)	(191.6)	n.a.	(175.2)	(198.9)
Income/(loss) from operations	193.5	77.9	582.4	522.4	613.7	217.1%	108.0	669.1
Interest income	(9.4)	(5.8)	(5.0)	1.7	7.5	n.a.	(0.2)	(0.2)
Investment income/(loss), net	(132.0)	7.6	251.1	56.0	27.5	n.a.	5.3	8.0
Foreign currency exchange income/(loss), net	0.2	(0.0)	0.2	0.3	0.3	29.3%	0.3	0.3
Share of results of equity investees	(225.2)	(99.1)	(207.9)	(182.1)	(198.3)	n.a.	(89.2)	(187.1)
Others, net	0.8	0.5	3.1	42.7	39.2	4512.1%	41.1	43.2
Income/(loss) before tax	(172.0)	(18.9)	623.9	441.0	489.9	n.a.	65.4	533.3
Income tax benefits/(expenses)	37.6	2.0	(55.4)	(51.2)	(42.1)	-212.0%	(11.1)	(90.7)
Net income/(loss)	(134.3)	(16.9)	568.6	389.9	447.7	n.a.	54.2	442.6
Add: Net loss attributable to non controlling interests	1.0	(0.1)	(2.0)	(1.8)	(0.8)	-179.6%	(0.1)	(0.8)
Deemed dividend to mezzanine classified non controlling interests	(4.6)	(4.5)	(27.3)	(34.8)	(32.9)	n.a.	(32.9)	(32.9)
Net income/(loss) attributable to 58.com Inc.	(138.0)	(21.5)	539.3	353.3	414.1	n.a.	21.2	408.9
Basic ADS	(0.953)	(0.148)	3.709	2.421	2.823	n.a.	0.144	2.777
Diluted ADS	(0.953)	(0.148)	3.669	2.383	2.782	n.a.	0.144	2.777
Non GAAP operating profit	317.7	217.2	716.1	663.4	762.5	140.0%	252.7	840.5
Non GAAP net income	(22.7)	105.7	661.6	478.7	549.0	n.a.	153.3	567.7

Source: the Company, Guotai Junan International.

**Table-2: Peers Comparison**

Company	Stock Code	Currency	Last price	Market Cap	Adjusted PE			Price/Sales			EV/EBITDA		
				mn HKD	FY18F	FY19F	FY20F	FY18F	FY19F	FY20F	FY18F	FY19F	FY20F
Global Large Ecommerce Conglomerate													
Alibaba Group Holding-Sp ADR	BABA US	USD	190.50	3,828,696.4	36.4	28.3	21.8	12.4	8.9	6.9	28.0	20.7	15.3
Ebay Inc	EBAY US	USD	41.01	325,705.2	17.9	15.5	13.1	3.8	3.5	3.2	10.0	9.4	8.0
Amazon.Com Inc	AMZN US	USD	1555.86	5,910,610.0	96.0	65.0	43.9	3.2	2.7	2.2	29.2	21.7	14.7
Yahoo Japan Corp	4689 JT	JPY	505	213,745.8	21.9	20.3	18.1	3.2	3.0	2.8	10.6	9.5	8.3
Rakuten Inc	4755 JT	JPY	900	95,926.7	15.8	13.8	12.7	1.2	1.1	1.0	9.0	7.7	7.4
Simple Average					37.6	28.6	21.9	4.8	3.8	3.2	17.3	13.8	10.7
Weighted Average					69.3	48.5	34.0	6.6	5.0	4.0	27.6	20.6	14.5
China Vertical Ecommerce													
Jd.Com Inc-ADR	JD US	USD	41.85	469,085.1	55.3	35.1	25.0	0.8	0.6	0.5	41.5	21.6	15.6
Vipshop Holdings Ltd - ADR	VIPS US	USD	18	92,679.9	21.4	16.1	12.1	0.8	0.6	0.5	14.3	9.7	6.9
58.Com Inc-ADR	WUBA US	USD	82.61	95,283.7	34.0	23.7	18.2	6.4	5.2	4.3	25.7	17.2	11.7
Ctrip.Com International-ADR	CTRP US	USD	47.5	195,188.8	41.3	27.0	19.4	4.8	3.8	3.4	34.1	21.4	11.2
Simple Average					38.0	25.5	18.7	3.2	2.6	2.2	28.9	17.5	11.3
Weighted Average					46.0	29.9	21.6	2.3	1.9	1.6	35.1	19.8	13.2
China Internet Conglomerate													
Tencent Holdings Ltd	700 HK	HKD	435	4,132,228.6	39.3	29.7	22.9	9.8	7.4	5.8	26.6	20.0	14.7
Baidu Inc - Spon ADR	BIDU US	USD	235.94	644,620.0	24.8	20.5	16.1	5.1	4.3	3.7	16.5	13.0	9.7
Simple Average					32.0	25.1	19.5	7.4	5.8	4.7	21.5	16.5	12.2
Weighted Average					37.3	28.5	22.0	9.1	6.9	5.5	25.2	19.0	14.0
Global HR Companies													
Recruit Holdings Co Ltd	6098 JT	JPY	2610.5	328,937.5	29.3	25.9	21.3	2.0	1.9	1.7	16.0	13.7	11.5
Manpowergroup Inc	MAN US	USD	113.72	59,034.9	12.5	12.3	11.4	0.3	0.3	0.3	7.8	6.8	5.9
Randstad Holding Nv	RAND NA	EUR	54.42	97,604.0	12.2	11.5	10.6	0.4	0.4	0.4	9.0	8.0	7.3
51Job Inc-ADR	JOBS US	USD	87.61	42,524.1	31.2	25.0	20.3	9.5	7.7	6.5	23.5	17.6	13.8
Simple Average					21.3	18.7	15.9	3.1	2.6	2.2	14.1	11.5	9.6
Weighted Average					24.4	21.6	18.2	2.1	1.9	1.7	14.4	12.2	10.3
Simple Average					32.6	24.6	19.1	4.2	3.4	2.9	20.1	14.5	10.8
Weighted Average					57.4	40.9	29.4	7.0	5.3	4.2	26.9	19.8	14.2

Source: Bloomberg, Guotai Junan International.

**Financial Statements and Ratios**

Income Statement					
Year end 31 Dec (RMB mn)	2016A	2017A	2018F	2019F	2020F
Total Revenue	7,592	10,069	12,234	14,686	17,405
Cost of revenues	(707)	(925)	(1,145)	(1,396)	(1,697)
Gross profit	6,885	9,143	11,089	13,291	15,708
Sales and marketing expenses	(4,941)	(5,212)	(6,206)	(7,369)	(8,549)
Research and development expenses	(1,108)	(1,368)	(1,744)	(2,055)	(2,389)
General and administrative expenses	(602)	(766)	(906)	(1,061)	(1,223)
Operating Profit	234	1,796	2,233	2,806	3,546
Interest income	(49)	(2)	(1)	(0)	(0)
Investment income/(loss), net	(145)	342	105	116	121
Foreign currency exchange income/(loss), net	(4)	1	1	1	1
Share of results of equity investees	(927)	(687)	(454)	(409)	(368)
Others, net	(13)	85	177	183	218
Profit Before Tax	(824)	1,536	2,062	2,696	3,519
Income Tax	51	(147)	(351)	(459)	(598)
Profit After Tax	(773)	1,389	1,711	2,237	2,920
Add: Net loss attributable to noncontrolling interests	5	(5)	(3)	(4)	(5)
Deemed dividend to mezzanine classified noncontrolling interests	(16)	(100)	(132)	(132)	(132)
Shareholders' Profit / Loss	(784)	1,285	1,577	2,102	2,784
Basic EPS	(2.731)	4.409	5.152	6.540	8.250
Basic Earnings per ADS	(5.462)	8.818	10.304	13.080	16.500
Weighted average shares outstanding					
Basic mn shares	287	291	306	321	337
ADS Basic mn shares	143	146	153	161	169
Non GAAP gross profit	6,885	9,147	11,094	13,296	15,714
Non GAAP operating profit	730	2,359	2,909	3,558	4,396
Non GAAP net income attributable to 58.com Inc.	(254)	1,795	2,202	2,807	3,588

**Cash Flow Statement**

Year end 31 Dec (RMB mn)	2016A	2017A	2018F	2019F	2020F
Net income/(loss)	(773)	1,389	1,711	2,237	2,920
Share-based compensation	267	351	465	558	661
DD&A	407	973	799	800	880
Other non cash gains or loss	1,163	85	(106)	(117)	(123)
Working capital change	825	(101)	569	288	(476)
Cash from Operating Activities	1,888	2,697	3,438	3,766	3,864
Investing activities					
Capital expenditure	(213)	(899)	(803)	(1,067)	(1,173)
Investment	(2,581)	(974)	(755)	(831)	6,775
Other cash proceeds related to investing activities.	(6)	(7)	(9)	(11)	(13)
Cash from Investing Activities	(3,948)	(1,880)	(1,567)	(1,908)	5,589
Financing activities					
New share issuance	21	23	26	28	31
Net borrowings	9	(141)	(329)	(260)	(1,928)
Others	28	(447)	(1,097)	(866)	(6,427)
Cash from Financing Activities	59	(566)	(1,400)	(1,097)	(8,324)
Effect of exchange rate changes on cash and cash equivalents	64	73	84	97	111
Net Changes in Cash	(1,938)	325	555	856	1,240
Cash at Beg of Year	3,138	1,200	1,525	2,080	2,937
Cash at End of Year	1,200	1,525	2,080	2,937	4,177

Source: the Company, Guotai Junan International.

Balance Sheet					
Year end 31 Dec (RMB mn)	2016A	2017A	2018F	2019F	2020F
Property and equipment, net	1,481	1,352	1,487	1,636	1,799
Restricted cash-non-current	0	792	816	840	882
Intangible assets, net	1,532	1,310	1,180	1,298	1,428
Land use rights, net	4	4	4	4	5
Goodwill	15,904	15,865	16,023	16,184	16,426
Long-term investments	2,118	1,809	1,845	1,937	2,034
Long-term prepayments	224	755	944	1,133	1,303
Total Non-current Assets	21,263	21,885	22,299	23,032	23,877
Cash & Cash Equivalents	1,200	1,525	2,080	2,937	4,177
Restricted cash	1,152	93	98	103	118
Term deposits	26	0	0	0	0
Short-term investments	833	3,438	4,125	4,538	4,992
Accounts receivable, net	425	668	740	910	1,026
Prepayments and other current assets	426	657	616	832	932
Total Current Assets	4,063	6,381	7,659	9,320	11,246
Total Assets	25,326	28,267	29,958	32,352	35,123
Short-term loan	1,843	75	59	8	3
Accounts payable	612	624	744	738	502
Deferred revenues	1,846	2,124	2,435	2,796	2,831
Customer advances and deposits	1,236	1,365	1,383	1,675	1,663
Taxes payable	62	186	196	206	216
Salary and welfare payable	554	537	583	641	676
Accrued expenses and other current liabilities	728	689	786	743	878
Total Current Liabilities	6,880	5,801	6,185	6,806	6,768
Long term loans	150	777	337	31	11
Deferred tax liabilities	374	319	287	259	297
Other non-current liabilities	70	17	18	19	21
Total Non-current Liabilities	594	1,114	642	309	329
Total Liabilities	7,474	6,715	6,827	7,115	7,098
Mezzanine equity					
Mezzanine equity -non controlling interests	86	1,736	1,736	1,736	1,736
Total mezzanine equity	86	1,736	1,736	1,736	1,736
Total Shareholders' Equity	17,698	19,743	21,320	23,422	26,205
Minority Interest	68	72	75	79	84
Total Equity	17,766	19,815	21,395	23,500	26,289
BVPS	123.344	135.470	139.323	145.769	155.328

**Financial Ratios**

	2016A	2017A	2018F	2019F	2020F
Growth %					
Non GAAP gross profit	65.6%	32.8%	21.3%	19.9%	18.2%
Non GAAP operating profit	n.a.	223.2%	23.3%	22.3%	23.6%
Non GAAP net income	n.a.	n.a.	22.7%	27.5%	27.8%
Margin %					
Non GAAP gross margin	90.7%	90.8%	90.7%	90.5%	90.3%
Non GAAP operating margin	9.6%	23.4%	23.8%	24.2%	25.3%
Non GAAP Net margin	-3.3%	17.8%	18.0%	19.1%	20.6%



### 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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