

2018 年 6 月 8 日

增持  
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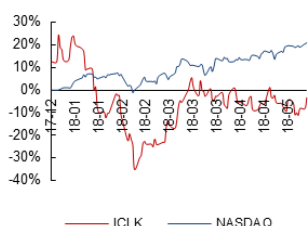
# 利润率承压

爱点击 (ICLK US)

## Market Data: June 7, 2018

Closing Price (US\$)	7.97
Price Target (US\$)	9.23
SPX	2605
IXIC	6949
52-week High/Low (US\$)	11/5
Market Cap (US\$bn)	0.4
Market Cap (Rmbbn)	2.6
Shares Outstanding (Mn)	26
Exchange Rate (Rmb-US\$)	6.3

## Price Performance Chart:



Source: Bloomberg

## Analyst

Mae Huang

A0230517010002

BGT702

huangqian@swsresearch.com

## Related Reports

"iClick Interactive (ICLK US)—  
Wireless charging "24 May 2018

"iClick Interactive (ICLK US)—  
Increasingly mobile "29 March 2018

"iClick Interactive (ICLK US)—Made  
to market "14 March 2018

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## Financial summary and valuation

	2016	2017	2018E	2019E	2020E
Revenue (US\$K)	95,357	125,258	179,013	230,748	269,371
YoY (%)	46.2	31.4	42.9	28.9	16.7
Net income (US\$K)	-29,659	-29,931	42	3,457	6,394
YoY (%)	n.a.	n.a.	n.a.	8,206.0	84.9
EP ADS (US\$)	(1.13)	(1.07)	0.00	0.07	0.12
Adj. Diluted EP ADS (US\$)	(0.34)	(0.59)	0.02	0.13	0.19
ROE (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Debt/asset (%)	76	36	43	47	48
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
PE (x)	(23.3)	(13.5)	361.8	61.7	42.8
PB (x)	(3.3)	1.9	3.4	3.3	3.2
EV/Ebitda (x)	(139.3)	(60.1)	66.8	48.5	34.8

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised.

我们调低毛利预期，由此调整后稀释的 2018 年预期 EPS 从 0.1 美元下降到 0.02 美元，2019 年预期 EPS 从 0.23 美元下降到 0.13 美元（同比增长 486%），2020 年预期从 0.32 美元下降到 0.19 美元（同比增长 44%）。在公司从 2017 年第四季度到 2018 年第一季度转化率从 11.2% 下降到 8.8% 之后，公司在经营利润率上压力越来越大。我们依然期待公司今年盈利转正，但是时间点也许会延迟到今年第三或者第四季度，而且全年的 Non-GAAP 盈利被整体向下调整。我们把目标价相应地从 9.68 美元降低到 9.23 美元。股价仍有 16% 的上升空间，我们把买入评级下降到增持评级。

转化率较低。我们提到 2018 年第一季度的转化率（毛利润/总交易额）结果低于预期，但是我们当时还没有调整年度转化率因为公司表示其毛利会维持稳定水平。然而，根据我们最近了解到的情况，移动解决方案的转化率将在较长时间保持很低的水平，而且公司的移动业务占领总交易额的 80% 以上，未来有进一步上升可能。在调整以后，我们把年转化率 2018 年预期从 11.4% 降低到 9.4%，2019 年预期从 12.5% 降低到 9.4%，2020 年预期从 12.5% 下降到 9.4%。我们注意到年预期率 9.4% 比实际上 2018 年第一季度的数值要高，所以如果公司在 2018 年第二季度没有达到我们的预期，那么现在的盈利预期依然会有下行风险。

需要更多的规模效应。由于规模经济带来的经营杠杆，公司在 2018 年第三季度预期盈利会转正。市场营销费用是除了主营业务成本以外最大的费用。市场营销费占收入比从 2017 年的 21% 下降到 2018 年第一季度的 17%，我们预计这个费用在 2018 年下半年会达到 12%，从而使盈利转正。如果公司没能够如期提升市场营销费用的效益，盈利的时间点或进一步推迟。

下调至增持评级。在我们把转化率调低后，2018 年盈利的估计从约 500 万美元下降到 114 万美元，2019 年从约 1190 万美元下降到 666 万美元，2020 年从约 1690 万美元下降到 960 万美元。如果公司能够达到 9.4% 的转化率和 12% 的市场营销费用比收入的杠杆，我们仍然认为公司在 2018 年第三季度会有 non-gaap 正的盈利。我们把 2018 年调整后稀释的 EPS 预期从 0.1 美元调整到 0.02 美元，2019 年的从 0.23 美元调整到 0.13 美元（同比增长 486%），2020 年的从 0.32 美元调整到 0.19 美元（同比增长 44%）。我们把目标价从 9.68 美元调整到 9.23 美元。目标价格相当于 2.8 倍 18 年 PS，95 倍 18 年 PE，1.2 倍价格/交易额，或者 2 倍 19 年 PS，40 倍 19 年 PE，0.9 倍价格/交易额。股价仍有 16% 的上涨空间，我们把评级从买入降低到增持。

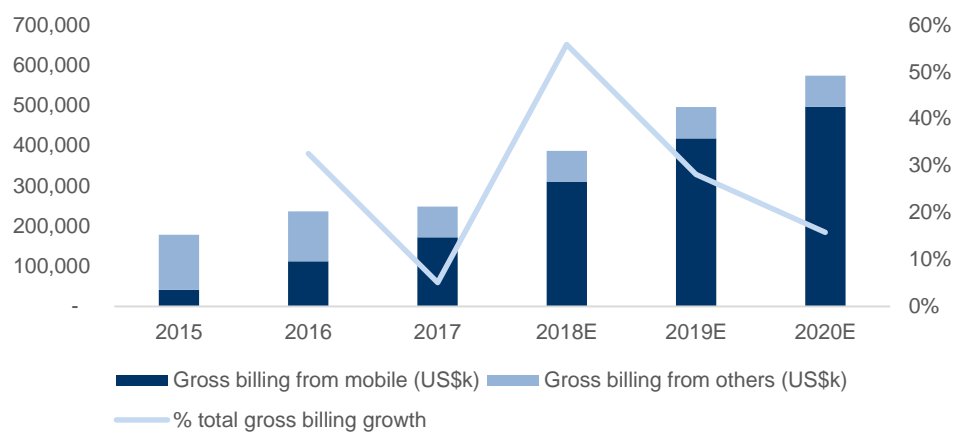
## Investment Highlights :

iClick Interactive's take rate dropped from 11.2% in 4Q17 to 8.8% in 1Q18, exerting pressure on the company's bottom line. We maintain our view that earnings will turn positive this year, although it may only materialise during the third or fourth quarter. As such, we revise down our margin and full-year non-GAAP earnings estimates. We lower our adjusted diluted EPS forecasts from US\$0.10 to US\$0.02 in 18E, from US\$0.23 to US\$0.13 in 19E (+486% YoY), and from US\$0.32 to US\$0.19 in 20E (+44% YoY). We also lower our target price from US\$9.68 to US\$9.23. With 16% upside, we downgrade our company rating from BUY to Outperform.

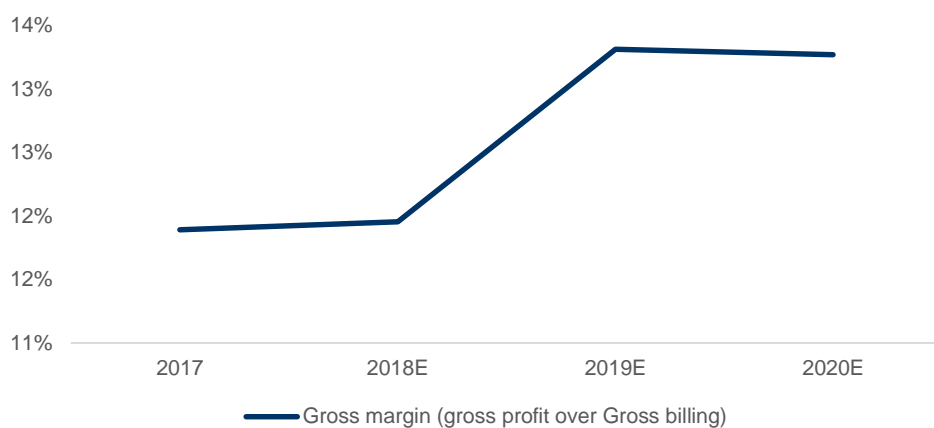
**Lower-than-expected take rate.** The company's take rate, calculated as gross profit divided by gross billing, was lower than expected in 1Q18. We previously maintained our annual take rate forecast as management expected its margin to stabilise in coming quarters. However, our recent channel checks show that the firm's take rate might remain low for mobile solutions, which account for 80%-plus of its total gross billing. As a result, we lower our annual take rate forecasts from 11.4% to 9.4% in 18E and from 12.5% to 9.4% in 19-20E. We note 9.3% remains higher than the firm's effective take rate in 1Q18. A lower-than-expected take rate in 2Q18 would indicate further downside risk on the company's margin.

**Higher operating leverage.** Management expects earnings to turn positive in 3Q18, which will largely depend on the firm's operating leverage and economies of scale. Sales and marketing (S&M) expenses are the largest expenses, besides cost of revenue. S&M expenses as a percentage of revenue dropped from 21% in 2017 to 17% in 1Q18. We estimate that the ratio would need to further decline to c.12% in the second half of the year for the firm to achieve positive earnings. If the company fails to decrease its S&M expenses to that level, it will take longer for the firm to become profitable.

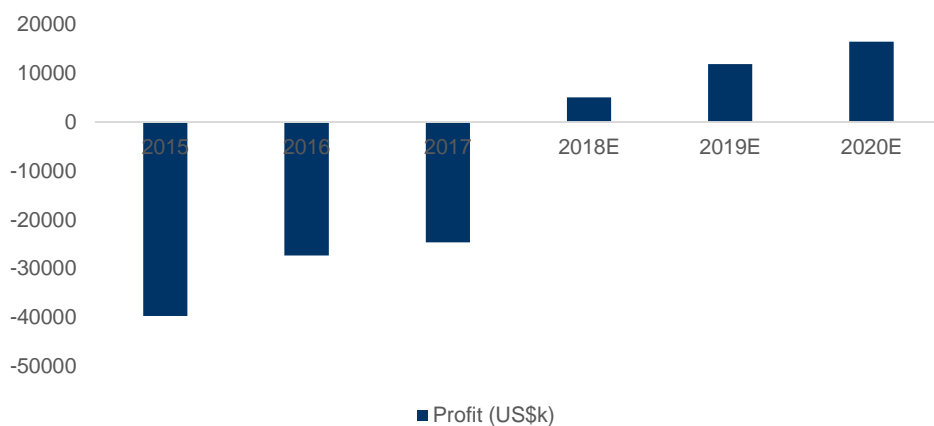
**Downgrade to Outperform.** Taking into account the company's lower take rate, we revise down our non-gaap net profit forecasts from US\$5.0m to US\$1.1m in 18E, from US\$11.9m to US\$6.7m in 19E, and from US\$16.9 to US\$9.6m in 20E. We expect the firm to post positive earnings in 3Q18E, provided that it achieves a take rate of 9.4% and an S&M expense ratio of c.12%. We lower our adjusted diluted EPS forecasts from US\$0.10 to US\$0.02 in 18E, from US\$0.23 to US\$0.13 in 19E (+486% YoY), and from US\$0.32 to US\$0.19 in 20E (+44% YoY). We also lower our target price from US\$9.68 to US\$9.23, representing 2.8x 18E PS, 95x 18E PE, 1.2x 18E P/gross billing, 2.0x 19E PS, 40x 19E PE, and 0.9x 19E P/gross billing. With 16% upside, we downgrade our company rating from BUY to Outperform.

**Fig 1: Gross billing growth**


Source: Company, SWS Research

**Fig 2: Gross margin over gross billing**


Source: Company, SWS Research

**Fig 3: Earnings forecast**


Source: Company, SWS Research

### Consolidated Income Statement

USDk	2016	2017	2018E	2019E	2020E
<b>Net revenue</b>	95,357	125,258	179,013	230,748	269,371
<b>Cost of revenues</b>	-61,048	-95,733	-141,015	-181,625	-213,927
<b>Gross profit</b>	34,309	29,525	37,998	49,123	55,444
<b>Other gains/ (losses), net</b>	-1,082	1,841	2,080	0	0
Research and development expenses	-8,584	-5,778	-5,468	-6,300	-6,920
Sales and administrative expenses	-55,033	-38,918	-33,909	-38,130	-39,916
<b>EBITDA</b>	-2,240	-4,515	6,951	9,739	13,645
<b>EBIT</b>	-8,064	-10,099	1,889	4,693	8,609
Interest expense	-713	-551	-84	-84	-84
<b>Profit before income tax expense</b>	-27,108	-24,071	617	4,610	8,525
<b>Income tax benefit/ (expense)</b>	-222	-548	-575	-1,152	-2,131
Minority interests	0	0	0	0	0
<b>Profit</b>	-29,659	-29,931	42	3,457	6,394

Source: SWS Research

### Consolidated Cash Flow Statement

USDk	2016	2017	2018E	2019E	2020E
<b>Profit before income tax expense</b>	-27,108	-24,071	617	4,610	8,525
Plus: Depr. and amortisation	5,824	5,584	5,062	5,046	5,037
Interest expense	713	551	84	84	84
Losses from investments	-3,995	10,190	0	0	0
Change in working capital	-663	-10,410	15,324	2,112	180
Others	21,322	4,275	-659	-1,236	-2,215
<b>CF from operating activities</b>	-3,907	-13,881	20,428	10,615	11,611
CAPEX	-906	-165	-1,600	-1,600	-1,600
Other CF from investing activities	-2,804	-19,766	0	0	0
<b>CF from investing activities</b>	-3,710	-19,931	-1,600	-1,600	-1,600
Equity financing	0	28,405	0	0	0
Net change in liabilities	24,610	-2,859	-83	0	0
Dividend and interest paid	-713	-551	-84	-84	-84
Other CF from financing activities	667	551	84	84	84
<b>CF from financing activities</b>	24,564	25,546	-83	0	0
<b>Net cash flow</b>	16,947	-8,266	18,745	9,015	10,011

Source: SWS Research

### Consolidated Balance Sheet

USDk	2016	2017	2018E	2019E	2020E
Current Assets	102,969	127,427	153,349	177,898	200,269
Bank balances and cash	27,280	19,401	38,146	47,160	57,171
Trade and other receivables	32,944	42,132	59,640	75,173	87,533
Inventories	0	0	0	0	0
Other current assets	42,745	65,894	55,563	55,564	55,565
Long-term investment	48,496	48,496	48,496	48,496	48,496
PP&E	2,318	1,165	1,928	2,707	3,495
Intangible and other assets	15,857	11,734	7,509	3,284	-941
<b>Total Assets</b>	<b>169,640</b>	<b>188,822</b>	<b>211,282</b>	<b>232,385</b>	<b>251,319</b>
Current Liabilities	126,572	65,679	88,098	105,743	118,284
Borrowings	12,982	10,486	10,403	10,403	10,403
Trade and other payables	9,189	3,904	5,751	7,407	8,724
Other current liabilities	104,401	51,289	71,944	87,934	99,157
Long-term liabilities	2,997	3,159	3,159	3,159	3,159
<b>Total Liabilities</b>	<b>129,569</b>	<b>68,838</b>	<b>91,257</b>	<b>108,902</b>	<b>121,443</b>
Mezzanine equity	104,383	0	0	0	0
Shareholder Equity	-64,312	119,984	120,026	123,483	129,876
Share Capital	63,233	272,227	272,227	272,227	272,227
Reserves	-127,545	-152,243	-152,201	-148,744	-142,351
Equity attributable	-64,312	119,984	120,026	123,483	129,876
<b>Total Liabilities and equity</b>	<b>169,640</b>	<b>188,822</b>	<b>211,282</b>	<b>232,385</b>	<b>251,319</b>

Source: SWS Research

### Key Financial Ratios

	2016	2017	2018E	2019E	2020E
<b>Ratios per share (USD)</b>					
Earnings per ADS	(1.13)	(1.07)	0.00	0.07	0.12
Diluted earnings per ADS	(0.34)	(0.59)	0.02	0.13	0.19
Operating CF per ADS	(0.15)	(0.50)	0.40	0.21	0.23
Dividend per ADS	0.00	0.00	0.00	0.00	0.00
Net assets per ADS	(2.45)	4.31	2.33	2.40	2.52
<b>Key Operating Ratios (%)</b>					
ROIC	(12.69)	(8.13)	0.06	1.59	2.67
ROE	n.a.	n.a.	n.a.	n.a.	n.a.
Gross profit margin	35.98	23.57	21.23	21.29	20.58
EBITDA margin	(2.35)	(3.60)	3.88	4.22	5.07
EBIT margin	(8.46)	(8.06)	1.06	2.03	3.20
Growth rate of Revenue(YoY)	46.16	31.36	42.91	28.90	16.74
Growth rate of Profit(YoY)	n.a.	n.a.	n.a.	8206.00	84.93
Debt-to-asset ratio	76.38	36.46	43.19	46.86	48.32
Turnover rate of net assets	(148.27)	104.40	149.15	186.87	207.41
Turnover rate of total assets	56.21	66.34	84.73	99.30	107.18
Effective tax rate (%)	(0.82)	(2.28)	93.25	25.00	25.00
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
<b>Valuation Ratios (x)</b>					
P/E	(23.3)	(13.5)	361.8	61.7	42.8
P/B	(3.3)	1.9	3.4	3.3	3.2
EV/Sale	3.3	2.2	2.6	2.0	1.8
EV/EBITDA	(139.3)	(60.1)	66.8	48.5	34.8

Source: SWS Research

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Outperform: Share price performance is expected to generate between 10-20% upside over a 12-month period.

Hold: Share price performance is expected to generate between 10% downside to 10% upside over a 12-month period.

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