

Company Report: Baidu (BIDU US)

公司报告: 百度 (BIDU US)

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Potential Growth Momentum of Apollo Business

阿波罗业务的潜在增长动力

- **China online advertising is expected to further rally in 2021**, with 1) expected growth of China GDP in 2021 and 2) effective containment of the local COVID-19 outbreak, plus the expected release of a vaccine. In addition, according to third-party data company iResearch, the growth of China's online advertising market from 2020 to 2022 is expected to be 22.7%, 23.9% and 22.4%, respectively.
- **We have revised up 2021-2022 online marketing services revenue by 1.0% and 0.9%, respectively, with expected further rally of China's online advertising market.** On the other side, we believe it has further growth potential for Apollo business. In addition, we believe that non-advertising business will be another revenue growth driver in the coming years.
- **We categorized the expected business model of Apollo into "B2B", "B2C" and "B2G".** We believe that the company will serve as an open platform and mainly provide technology applications. In addition, we believe that monetization will be varied and have great potential after the penetration rate of those services increases among smart traffic vehicle and infrastructure.
- **We maintain the investment rating as "Accumulate" and revise up TP to US\$220.00.** With expected rally of online marketing growth and potential growth of Apollo business, we have revised up 2021-2022 non-GAAP EPADS by 0.9% and 0.9%, respectively. The new TP represents 24.1x/ 21.1x/ 19.1x non-GAAP 2020-2022 PER, respectively.
- **中国在线广告预计将在 2021 年进一步反弹**, 由于 1) 2021 年中国 GDP 的预期增长, 以及 2) 对本土新冠疫情的良好控制以及疫苗的面世。此外, 根据第三方数据公司艾瑞咨询的数据, 中国在线广告市场 2020 年到 2022 年的增长预计将分别为 22.7%、23.9% 和 22.4%。
- **基于中国在线广告市场进一步复苏的预期, 我们分别上调 2021-2022 年的在线营销服务收入 1.0% 和 0.9%。**另一方面, 我们认为阿波罗业务有进一步增长空间。此外, 我们认为非广告业务预计将成为未来几年收入增长的另一推动力。
- **我们将阿波罗业务的预计商业模式分为"B2B"、"B2C"以及"B2G"。**我们认为公司将主要以开放平台形式提供技术应用。此外, 在未来该服务于智能汽车及基础设备中的渗透率上升后, 我们认为变现形式将更为多元且潜力巨大。
- **我们维持投资评级为"收集"且上调目标价至 220.00 美元。**随着在线营销增长的预期恢复和阿波罗业务的增长潜力, 我们分别上调 2021-2022 年的非 GAAP 每份 ADS 盈利预测 0.9% 和 0.9%。新目标价分别相当于 24.1 倍/21.1 倍/19.1 倍 2020 年至 2022 年非 GAAP 市盈率。

Rating:

Accumulate

Maintained

评级:

收集 (维持)

6-18m TP 目标价:

US\$220.00

Revised from 原目标价:

US\$165.00

ADS price ADS 价格:

US\$191.020

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 %	37.0	54.3	51.1
Rel. % to NASDAQ Index 相对纳斯达克指数变动 %	31.1	37.0	8.0
Avg. ADS price (US\$) 平均 ADS 价 (美元)	163.7	143.4	123.7

Source: Bloomberg, Guotai Junan International.

Year End 年结	Turnover 收入	Net Profit 股东净利	Earnings/ADS 每份 ADS 净利	Earnings/ADS 每份 ADS 净利变动	PER 市盈率	BV/ADS 每份 ADS 净资产	PBR 市净率	DP ADS 每份 ADS 股息	Yield 股息率	ROE 净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2018A	102,277	27,573	78,636	146.1	16.7	466,772	2.8	0.000	0.0	19.8
2019A	107,413	2,057	5,680	(92.8)	234.2	469,647	2.8	0.000	0.0	1.3
2020F	106,995	21,286	62,543	1,001.1	20.0	556,282	2.3	0.000	0.0	12.1
2021F	125,867	15,481	45,581	(27.1)	27.5	615,766	2.0	0.000	0.0	7.8
2022F	139,731	18,101	53,372	17.1	23.5	683,985	1.8	0.000	0.0	8.2

ADS in issue (m) 总 ADS 数 (m)	344.0	Major shareholder 大股东	Robin Li 16.1%
Market cap. (US\$ m) 市值 (US\$ m)	65,710.9	Free float (%) 自由流通比率 (%)	83.9
3 month average vol. 3 个月平均成交股数 ('000)	4,915.9	FY20 Net gearing (%) FY20 净负债/股东资金 (%)	(2.0)
52 Weeks high/low (US\$) 52 周高/低 (US\$)	202.790 / 82.000	FY20 Non-GAAP PER	20.9

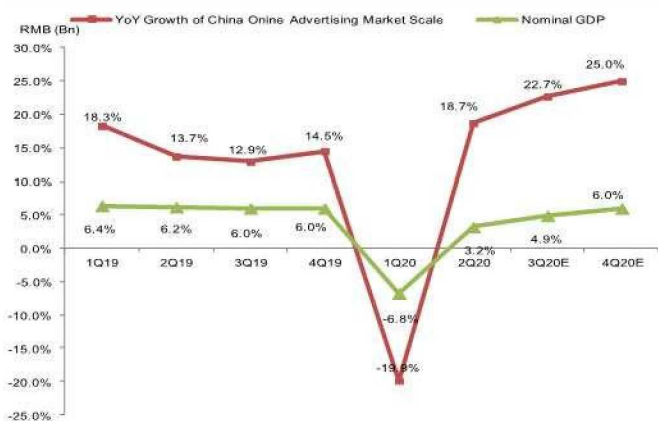
Source: the Company, Guotai Junan International.



Internet Industry Update

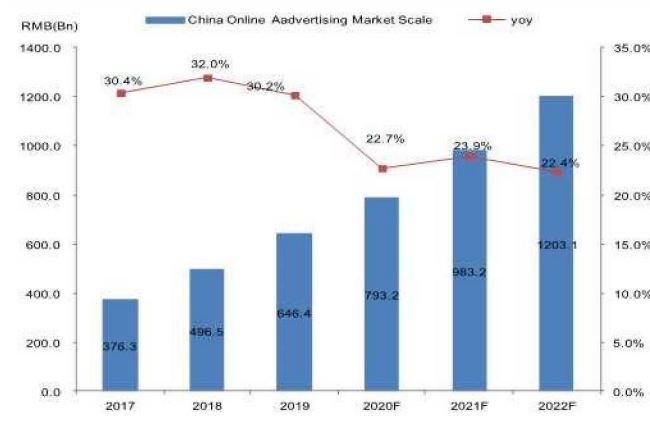
China's online advertising market is expected to further rally in 2021. According to our research, we found that there was a high correlation between the growth rate of China's GDP and that of China online advertising market scale. We believe the relationship behind this is that advertisers adjust marketing budget flexibly in accordance of the macro situation. With 1) expected growth of China GDP in 2021 and 2) effective containment of the local COVID-19 outbreak, plus the expected come out of a vaccine, we believe that China's online advertising market scale could further step up in 2021. In addition, according to third-data company iResearch, the growth rate of China's online advertising market from 2020 to 2022 is expected to be 22.7%, 23.9% and 22.4%, respectively.

Figure-1: Growth Trend China Online Advertising Market Scale and China Nominal GDP



Source: Questmobile, Wind, Guotai Junan International.

Figure-2: Expected growth of China Online Advertising Market Scale



Source: iResearch, Guotai Junan International.

With expected further rebound of China's online advertising market, we have revised up 2021-2022 online marketing services revenue estimates by 1.0% and 0.9%, respectively. We believe that overall user base of Baidu product metric will become stable with high penetration rate among China mobile internet users. In addition, we believe that Baidu (the "Company") will further strengthen its ecosystem via Baijiahao (BJH) and Baidu Smart Mini Programs (SMP). According to the Company, BJH accounts achieved 3.6 million in September, up 52% yoy. MAU of SMP increased to 355 million, up 22%. In addition, according to questmobile, 22.4% of SMP on the Baidu platform are local life services, which we believe have high frequency of new features. Hence, we believe that user retention on the Baidu app is expected to increase via Baidu's ecosystem. For the Company's building blocks, revenue from managed pages reached 32% of Baidu Core's online marketing revenue in 3Q due to more advertisers finding the benefit of combining Baidu's traffic in the Company's marketing cloud platform. Even when faced with competition on short videos, with the continued trend of switching to the Managed Page service and advertisers leveraging Baidu's AI capabilities, we believe that cost per mile (cpm) is able to turn around. With the development of building blocks, we believe that advertisers can receive positive feedback from users and enhance advertising ROI.

We believe that the development of the Company's Apollo business will give growth momentum in the coming years. On 8th December, Baidu hosted the 2020 Apollo ecosystem partner submit in Guangzhou. The Company believes that the pandemic in 1Q20 has changed recognition and perception of public transportation to some extent and increased awareness of the development of automatic driving in China. We have categorized the expected business models of Apollo into "B2B", "B2C" and "B2G".

- **B2B:** the Company made following forecasts on future smart vehicle development: 1) The Company expects their vehicle smart interaction system to become the main deployment in the auto industry. 2) Autonomous driving will become an important factor for smart transportation and the Company expects that there will be more collaboration between Baidu Apollo and vehicle companies in the future. 3) Apollo has received an exclusive license for self-driving test permission in Beijing. Apart from this, the Company announced 4 factors for the enhancement of smart vehicles user experience: i) smart cabins, ii) smart driving, iii) smart map, and iv) smart cloud. For example, smart cabins: With strong AI technology support, Baidu's Internet of vehicles operating system (IOV OS) has been implemented into over 1million cars by now. In addition, the Company expects to further amplify the ecosystem of IOV OS in order to enhance the in-car smart interaction experience. Meanwhile the Company expects total vehicles with IOV OS to exceed 100 million in the next three years.

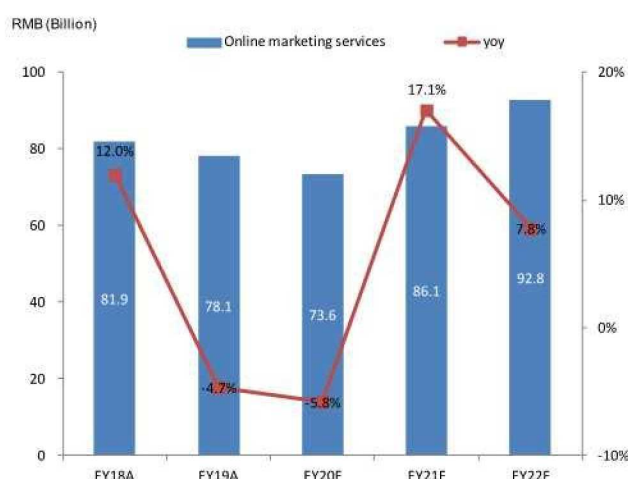


Smart Map: the Company believes that high-digit maps are the key for autonomous driving and expects over 1 million vehicles to be equipped with Apollo smart map in next three years. On the new technology development side, the Company launched Apollo Lite, which offers a low cost alternative.

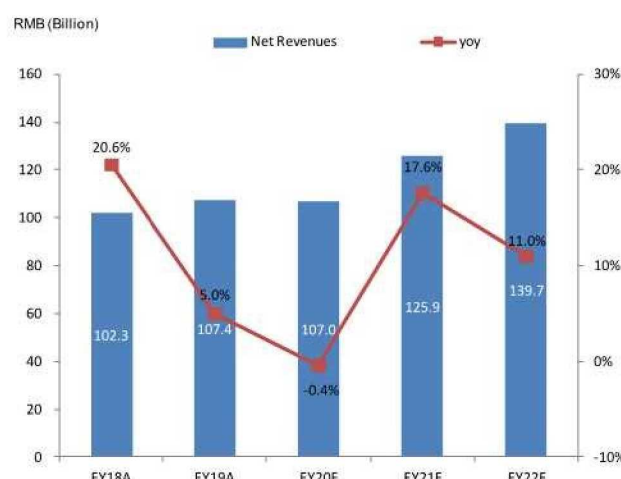
Therefore, we believe the business model of B2B side is that the Company would provide Apollo technology application to its smart vehicles partners and increase its penetration rate among the smart vehicles market. In addition, we believe the monetization method of the Company's B2B business in the future is varied and huge growth potential is expected.

- B2C: Baidu robotaxi, Apollo Go, is in operation in Changsha, Cangzhou and Beijing. For example, in October, the Company announced it had opened up its Apollo Go Robotaxi services to users in Beijing. We believe with the increasing awareness of automated driving in China, Apollo Go Robotaxi services is expected to expand in more cities in the coming years.
- B2G: under the background of the development of "new infrastructure", the Company has cooperated with around 20 cities in building smart transportation. The Company launched smart traffic engine Apollo ACE (Autonomous Driving, Connected Road and Efficient Mobility). Specifically, 1) Apollo ACE could support future autonomous driving scenarios under the synergy between smart vehicles and smart road infrastructures; and 2) Apollo ACE could optimize the road situation and reduce traffic jams. We believe that with B2G, the Company provides the technical support on building the smart transportation facilities and is expected to benefit Apollo's B2B and B2C business in the future.

Figure-3: Baidu's Online Marketing Services Revenue Estimations and YoY Growth **Figure-4: Baidu's Revenue Estimations and YoY Growth**



Source: the Company, Guotai Junan International.



Source: the Company, Guotai Junan International.

Profit Revision

With expected rally on the Company's online marketing growth, we believe that the Company could gain further profit growth momentum. In addition, we believe that the Company's non-advertising business will further expand according to the Company's ecosystem. Furthermore, we believe that the Company's Apollo business will have further growth momentum in the future with expected increasing penetration rate among smart vehicles and smart infrastructure. We have revised up 2021-2022 Non-GAAP net profit by 0.9% and 0.9%, respectively.



Table-1: Financial Estimations Revisions

RMB (Million)	OLD			NEW			CHANGE		
	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
Total revenue	106,995	124,640	138,559	106,995	125,867	139,731	0.0%	1.0%	0.8%
- Online marketing	73,562	85,272	91,997	73,562	86,110	92,815	0.0%	1.0%	0.9%
- Other services	33,432	39,367	46,561	33,432	39,757	46,915	0.0%	1.0%	0.8%
Non-GAAP net profit	20,389	22,985	25,420	20,389	23,193	25,654	0.0%	0.9%	0.9%
Non-GAAP EPADS (RMB)	59.9	67.7	75.0	59.9	68.3	75.6	0.0%	0.9%	0.9%

Source: Guotai Junan International.

Valuation

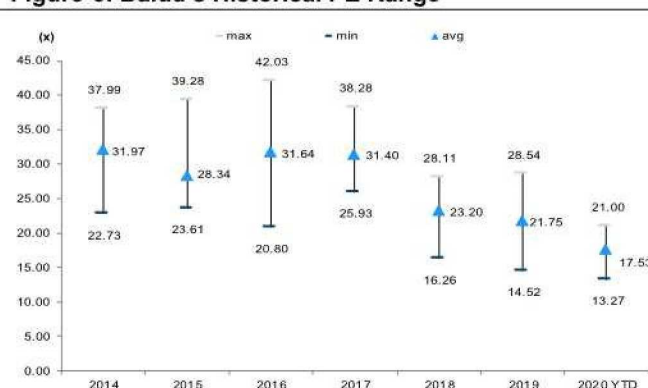
We maintain the investment rating as "Accumulate" and revise up TP to US\$220.00. We believe that in the short-to-medium term, the Company's online marketing services business will be the main revenue generator. On the other hand, we believe that revenue contribution from non-advertising business will further extend under Baidu's ecosystem. In the long term, we believe that the Company's Apollo business will have further growth momentum with expected penetration on both smart vehicles and infrastructure. The new TP represents 24.1x/ 21.1x/ 19.1x 2020/ 2021/ 2022 non-GAAP PER.

Figure-5: Baidu's Non-GAAP Forward PE Graph



Source: Bloomberg.

Figure-6: Baidu's Historical PE Range



Source: Bloomberg.



Table-2: Peers Comparison

Company	Ticker	Currency	Price	PER (x)			PBR (x)			P/S	PEG	Market Cap
				20F	21F	22F	20F	21F	22F	20F	20F-22F	Local currency (million)
US Online Game Companies												
Glu Mobile Inc	GLUU US	USD	9.660	21.8	17.5	13.8	4.0	3.4	2.8	3.1	0.9	1,662
Sciply Corp-Class A	SCPL US	USD	14.330	12.3	12.2	13.9	6.7	3.1	2.0	3.1	(2.2)	1,811
Take-Two Interactive Softwre	TTWO US	USD	202.500	56.6	36.1	35.2	9.1	7.0	6.0	4.3	1.9	23,292
Electronic Arts Inc	EA US	USD	141.810	13.7	26.1	24.0	5.5	5.1	4.8	5.3	2.6	41,136
Activision Blizzard Inc	ATVI US	USD	90.960	26.9	25.9	22.4	4.7	4.1	3.5	8.7	2.8	70,299
Netease	NTES US	USD	92.660	25.2	21.7	18.6	4.7	4.0	3.5	5.7	1.5	64,030
Simple Average				26.1	23.2	21.3	5.8	4.5	3.8	5.0	1.3	
Weighted Average				26.9	25.6	22.9	5.4	4.6	4.0	6.5	2.2	
HK Online Game Companies												
Kingsoft Corp Ltd	3888 HK	HKD	41.900	10.3	35.2	26.9	2.4	2.2	2.0	8.5	(0.3)	57,517
Forgame Holdings Ltd	484 HK	HKD	1.990	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	317
Linekong Interactive Group C	8267 HK	HKD	0.440	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	162
Idreamsky Technology Holding	1119 HK	HKD	3.850	8.2	7.1	6.4	1.0	0.9	n.a.	1.3	0.6	4,888
Tencent	700 HK	HKD	519.000	34.2	27.3	22.7	7.5	5.9	4.8	8.7	1.5	4,978,075
Boyaa Interactive Int.	434 HK	HKD	0.540	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	386
Fingertango Inc	6860 HK	HKD	0.720	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,391
Leyou Technologies Holdings	1089 HK	HKD	3.310	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10,212
Fire Rock Holdings Ltd	1909 HK	HKD	4.170	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4,003
Digital Hollywood Interactiv	2022 HK	HKD	0.083	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	166
Ourgame International Holdin	6899 HK	HKD	0.500	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	539
Baioo Family Interactive Ltd	2100 HK	HKD	0.920	6.2	5.0	3.7	1.2	1.1	1.0	1.6	0.2	2,502
Feiyu Technology Internation	1022 HK	HKD	0.179	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	277
Friendtimes Inc	6820 HK	HKD	2.000	6.9	5.3	4.6	1.8	1.4	1.1	1.6	0.3	4,362
IGG	799 HK	HKD	7.790	6.0	7.0	6.7	2.4	1.9	1.6	1.8	(1.0)	9,366
Zengame Technology Holding	2660 HK	HKD	1.140	3.6	3.3	3.1	1.2	0.9	0.8	1.0	0.5	1,160
Homeland Interactive Technol	3798 HK	HKD	5.110	16.3	13.8	10.4	n.a.	n.a.	n.a.	8.0	0.6	6,418
Cmge Technology Group Ltd	302 HK	HKD	2.720	6.6	5.2	4.5	1.2	1.1	0.9	1.3	0.3	6,828
Xd Inc	2400 HK	HKD	42.200	35.7	26.1	20.2	5.9	4.9	4.0	5.0	1.1	19,164
Netdragon	777 HK	HKD	17.080	10.6	8.3	7.3	1.3	1.2	1.1	1.3	0.5	9,582
Archosaur Games Inc	9990HK	HKD	21.550	24.6	13.0	10.5	4.3	3.7	3.1	8.9	0.5	
Simple Average				14.1	13.1	10.6	2.7	2.3	2.0	4.1	0.4	
Weighted Average				33.6	27.2	22.5	7.3	5.9	4.7	8.7	1.5	
Advertising Companies												
China Literature Ltd	772 HK	HKD	57.900	n.a.	36.9	28.1	3.0	2.7	2.5	6.2	n.a.	58,814
Momo Inc-Spon Adr	MOMO US	USD	13.220	7.5	7.0	5.9	1.5	1.3	1.1	1.2	0.6	2,759
Bilibili Inc-Sponsored Adr	BILI US	USD	82.010	n.a.	n.a.	3,154.2	27.5	36.2	35.0	15.8	n.a.	28,493
Sohu.Com Inc	SOHU US	USD	16.290	n.a.	13.5	n.a.	3.1	2.7	2.2	0.4	0.1	640
Weibo	WB US	USD	44.310	22.1	17.7	15.6	3.6	3.0	2.3	6.1	1.2	10,035
Cheetah Mobile	CMCM US	USD	1.930	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	269
Soufun	SFUN US	USD	13.210	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	119
Phoenix New Media	FENG US	USD	1.250	n.a.	17.9	6.6	n.a.	n.a.	n.a.	0.5	n.a.	91
Twitter Inc	TWTR US	USD	53.970	n.a.	62.9	46.5	5.3	4.9	4.7	11.9	n.a.	42,925
Sina	SINA US	USD	42.450	19.1	16.6	16.3	1.5	1.1	1.0	1.2	2.3	2,536
Facebook	FB US	USD	267.400	26.8	24.0	20.1	6.2	5.0	4.1	9.1	1.7	761,633
Simple Average				18.9	24.6	411.7	6.5	7.1	6.6	5.8	1.2	
Weighted Average				26.6	25.9	125.7	6.8	6.0	5.1	9.3	1.7	
E-commerce Companies												
Pinduoduo Inc-Adr	PDD US	USD	152.750	(465.7)	397.8	105.5	44.7	43.3	29.8	23.7	n.a.	187,979
Alibaba*	BABA US	USD	222.000	31.9	21.9	18.0	5.6	4.1	3.5	7.1	1.0	600,651
VIPSHOP	VIPS US	USD	26.310	20.4	16.7	14.3	4.1	3.4	2.8	1.2	1.1	17,820
EBay	EBAY US	USD	50.120	14.8	13.8	12.3	13.7	7.2	5.0	3.4	1.6	34,550
JD.com	JD US	USD	84.490	51.2	36.1	25.7	7.1	6.1	5.0	1.2	1.2	132,218
AMAZON	MZN US	USD	3172.690	65.7	53.7	39.7	17.3	12.8	9.5	4.2	2.3	1,591,901
Simple Average				(47.0)	90.0	35.9	15.4	12.8	9.3	6.8	1.4	
Weighted Average				17.1	69.8	38.2	15.9	12.5	9.3	6.1	1.9	
Search Engine Companies												
Sogou Inc-Adr	SOGO US	USD	8.170	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.8	n.a.	3,167
Alphabet Inc-CIA	GOOGL US	USD	1734.160	31.0	25.5	21.3	5.3	4.6	3.9	8.0	1.5	1,174,686
Baidu Inc - Spon Adr	BIDU US	USD	191.020	19.8	19.0	16.6	2.3	2.1	1.8	4.0	2.2	65,152
Simple Average				25.4	22.3	18.9	3.8	3.3	2.9	4.9	1.8	
Weighted Average				30.4	25.2	21.0	5.2	4.5	3.8	7.7	1.5	
Overall Average				7.6	34.7	99.7	6.9	6.0	4.9	5.3	1.2	
Overall Weighted Average				27.4	35.1	46.4	8.2	6.8	5.4	7.8	1.8	

Source: Bloomberg.
Note: * represents figures of FY19/FY20/FY21



Financial Statements and Ratios

Income Statement					
Year end 31 Dec (RMB m)	2018A	2019A	2020F	2021F	2022F
Online marketing services	81,912	78,093	73,562	86,110	92,815
Other services	20,365	29,320	33,432	39,757	46,915
Total Revenue	102,277	107,413	106,995	125,867	139,731
Cost of revenue	(51,744)	(62,850)	(54,671)	(62,445)	(68,692)
Gross profit	50,533	44,563	52,323	63,422	71,039
SG&A	(19,231)	(19,910)	(18,010)	(22,057)	(24,786)
R&D	(15,772)	(18,346)	(18,974)	(21,994)	(22,710)
Operating profit	15,530	6,307	15,339	19,371	23,543
Interest income, net	2,568	3,100	2,630	4,817	5,130
FX loss, net	(122)	(33)	(351)	(212)	(188)
Other income, net	11,795	(6,647)	7,049	(3,894)	(4,593)
Loss from investment	(79)	(1,254)	(2,323)	(947)	(1,151)
Profit Before Tax	27,325	(340)	22,388	15,477	18,950
Income Tax	(4,743)	(1,948)	(4,030)	(2,631)	(3,222)
Profit After Tax	22,582	(2,288)	18,358	12,846	15,729
Non-controlling Interest	4,991	4,345	2,928	2,635	2,372
Shareholders' Profit / Loss	27,573	2,057	21,286	15,481	18,101
Basic EPADS	78,636	5,680	62,543	45,581	53,372
Non-GAAP Shareholder's Profit	23,324	18,182	20,389	23,193	25,654
Non-GAAP EPADS	66,834	52,195	59,907	68,285	75,643

Cash Flow Statement					
Year end 31 Dec (RMB m)	2018A	2019A	2020F	2021F	2022F
Profit After Tax	22,582	(2,288)	18,358	12,846	15,729
D&A	16,187	19,161	18,948	20,623	22,471
Deferred income tax, net	(761)	(696)	9	(385)	(283)
Share-based compensation	4,676	5,626	6,307	6,359	5,233
Gain on investments	(7,648)	(2,305)	1,933	(2,058)	(2,284)
Changes of working capital	3,281	(6,687)	(4,701)	6,588	4,333
Others	(2,350)	15,647	12,638	14,493	14,812
Cash from Operating Activities	35,967	28,458	53,491	58,467	60,010
Investing activities					
CAPEX	(8,772)	(6,428)	(9,737)	(11,454)	(10,270)
Changes of short-term investments	(22,888)	(634)	967	(13,216)	(13,014)
Changes of long-term investments	(7,320)	1,195	(3,748)	(2,145)	(3,314)
Acquisition of intangible assets	(13,501)	(12,693)	(15,172)	(21,418)	(19,022)
Others	18,021	(1,414)	(1,082)	(1,279)	(1,070)
Cash from Investing Activities	(34,460)	(19,974)	(28,772)	(49,511)	(46,690)
Financing activities					
Changes of loans	3,802	350	1,395	2,118	2,294
Change of financial products	(21,279)	0	0	0	0
Change of debts	16,239	988	1,943	5,692	4,574
Proceeds of exercise of share options	676	18	19	20	21
Issuance of a subsidiary's Shares	15,689	401	399	470	522
Others	(45)	(5,630)	0	0	0
Cash from Financing Activities	15,082	(3,873)	3,756	8,299	7,411
Net Changes in Cash	16,589	4,611	28,475	17,255	20,731
Cash at Beg of Year	11,336	29,827	34,439	62,915	80,171
FX change	1,902	1	1	0	0
Cash and restricted cash end of the year	29,827	34,439	62,915	80,171	100,902
Restricted cash	2,189	996	992	1,085	1,121
Cash at End of Year	27,638	33,443	61,923	79,085	99,782

Balance Sheet					
Year end 31 Dec (RMB m)	2018A	2019A	2020F	2021F	2022F
Fixed assets, net	17,903	18,311	22,090	23,677	25,060
Intangible assets, net	9,181	7,887	9,255	9,703	10,191
Investments, net	80,454	69,410	71,492	73,637	75,846
Deferred tax assets, net	2,324	2,193	2,184	2,570	2,853
Other non-current assets	32,610	37,953	30,938	33,484	35,460
Total Non-current Assets	142,472	135,754	135,960	143,070	149,410
Short-term investments	111,626	112,924	112,484	119,092	125,599
Account Receivable	6,015	7,416	6,527	6,923	7,685
Prepaid expenses	6,841	9,189	9,153	10,768	11,954
Cash & Cash Equivalents	27,638	33,443	61,923	79,085	99,782
Others	2,974	2,590	2,918	3,477	3,776
Total Current Assets	155,094	165,562	193,005	219,345	248,795
Total Assets	297,566	301,316	328,965	362,415	398,205
Accrued expenses & other liabilities	35,381	32,701	28,413	33,014	36,018
Customers' advances & deposits	9,221	11,062	10,165	11,957	13,274
Short-term loans payable	3,130	3,355	3,342	3,931	4,364
Notes payable, current proportion	6,871	5,219	4,540	5,185	5,704
Others	2,250	5,043	4,824	4,810	4,869
Total Current Liabilities	56,853	57,380	51,284	58,898	64,230
Notes payable	42,735	38,090	40,033	45,725	50,300
Long-term loans	7,456	7,804	9,209	10,866	12,822
Deferred tax liability, non-current	4,099	3,273	3,371	3,472	3,576
Convertible notes, non-current	4,712	12,297	13,527	14,879	16,367
Amounts due to related parties	4,360	3,846	4,103	3,975	4,039
Operating lease liabilities	0	4,486	4,935	5,428	5,971
Others	2,315	2,434	5,244	2,890	2,504
Total Non-current Liabilities	65,677	72,230	80,421	87,235	95,579
Total Liabilities	122,530	129,610	131,705	146,133	159,809
Total Shareholders' Equity	162,897	163,599	189,328	209,142	231,970
Minority Interest	12,139	8,107	7,933	7,139	6,426
Total Equity	175,036	171,706	197,260	216,281	238,396

Financial Ratios					
	2018A	2019A	2020F	2021F	2022F
Gross margin (%)	49.4	41.5	48.9	50.4	50.8
Operating margin (%)	15.2	5.9	14.3	15.4	16.8
Net margin (%)	27.0	1.9	19.9	12.3	13.0
ROE (%)	19.8	1.3	12.1	7.8	8.2
ROA (%)	6.8	4.2	6.6	7.1	7.2
Net gearing (%)	14.7	11.8	-2.2	-6.1	-11.0
Debt/equity ratio (%)	32.7	32.8	30.4	31.5	31.7



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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