



Company Report: BIDU-SW (09888 HK)

公司报告: 百度集团-SW (09888 HK)

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25 November 2021

Great Potential in AI Cloud and Autonomous Driving, "Buy"

AI云与自动驾驶潜力巨大, “买入”

- **Baidu's non-GAAP shareholders' net profit in 3Q2021 decreased by 27.2% yoy to RMB5,090 million.** Revenue from online marketing services increased by 4.2% yoy mainly due to the slowdown of growth in the advertising industry, while that from other services increased by 35.4% yoy primarily due to strong performance of AI cloud business. Under GAAP, Baidu suffered net loss mainly due to RMB19.0 billion fair value loss from investment.
- **We expect 2022 online marketing services revenue to increase by 6.0% yoy.** Advertisement business is expected to be negatively affected by the declining education and training sector and Baidu's apps and iQiyi may continue to face competition from short-video platforms.
- **We expect 2022 other services revenue to increase by 23.4% yoy.** For AI cloud business, yoy growth of 73.0% boosted 3Q2021 total revenue. As the top AI cloud provider in China, Baidu's AI cloud service is expected to keep strong growth momentum in the next few years and to continue to improve its profitability. For its Apollo vehicle, testing mileage level 4 on public roads reached 16 million km, up 189.0% yoy, far leading the industry.
- **Our investment rating is "Buy" with target price of HK\$233.00, representing 26.5x, 24.2x and 19.6x 2021-2023 non-GAAP PER.** In the short term, marketing services provide stable cash flow for R&D. In the mid-to-long term, we are confident in the outbreak of AI cloud and autonomous driving.
- **百度 2021 年第 3 季度非 GAAP 股东净利同比减少 27.2%至人民币 50.90 亿元。** 在线营销服务收入同比增 4.2%，主要由于广告行业增长放缓；而其他服务收入同比增 35.4%，主要由于 AI 云业务的强劲表现。GAAP 准则下百度因人民币 190 亿元的投资公允价值损失而遭受净亏损。
- **我们预计 2022 年在线营销服务收入将同比增 6.0%。** 广告业务预计将受到教培行业下滑的负面影响，百度 APP 和爱奇艺将继续面临来自短视频平台的竞争。
- **我们预计 2022 年其他服务收入将同比增 23.4%。** 对 AI 云业务而言，73.0%的同比增长提升了 2021 年第 3 季度的总收入。作为中国顶尖的 AI 云供应商，百度的 AI 云业务预计将在未来数年保持强劲的增长动量及不断改善盈利能力。对 Apollo 汽车而言，开放道路 Level 4 测试里程已达 1,600 万公里，同比上升 189.0%，遥遥领先行业。
- **我们的投资评级为“买入”，目标价为 233.00 港元，相当于 26.5 倍、24.2 倍和 19.6 倍 2021-2023 年非 GAAP 市盈率。** 短期而言，营销服务为研发提供稳定的现金流。中长期而言，我们对 AI 云和自动驾驶的爆发保持信心。

Rating:

Buy

评级:

买入

6-18m TP 目标价:

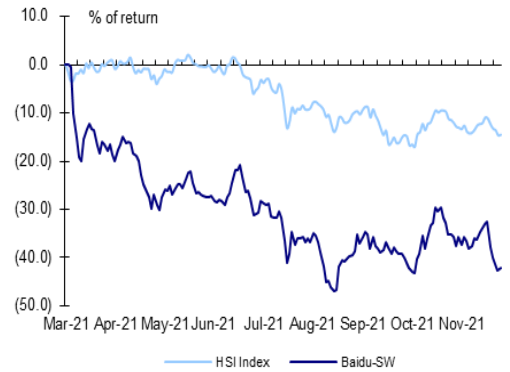
HK\$233.00

Share price 股价:

HK\$145.900

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 %	(17.8)	(0.2)	n.a.
Rel. % to HS Index 相对恒指变动 %	(12.3)	3.8	n.a.
Avg. Share price(HK\$) 平均股价 (港元)	160.0	158.3	n.a.

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	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2019A	107,413	2,057	0.710	(92.8)	183.7	58.701	2.2	0.000	0.0	1.3
2020A	107,074	22,472	8.190	1,053.5	15.0	66.873	1.8	0.000	0.0	13.0
2021F	125,176	14,053	5.096	(37.8)	23.5	78.200	1.5	0.000	0.0	7.1
2022F	140,201	14,219	5.118	0.4	23.4	83.196	1.4	0.000	0.0	6.4
2023F	159,035	19,942	7.179	40.3	16.7	88.842	1.3	0.000	0.0	8.3
Shares in issue (m) 总股数 (m)				2,780.0	Major shareholder 大股东					Robin Li 17.00%
Market cap. (HK\$ m) 市值 (HK\$ m)				405,602.0	Free float (%) 自由流通比率 (%)					82.9
3 month average vol. 3 个月平均成交股数 ('000)				3,732.8	FY21 Net gearing (%) FY21 净负债/股东资金 (%)					22.8%
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)				256.600 / 133.000	FY21 Est. NAV (HK\$) FY21 每股估值 (港元)					272.9

Source: the Company, Guotai Junan International.

Industry Update

China's online advertising market is expected to slow down in the coming quarters after a fast recovery. According to QuestMobile, China's online advertising market scale in 4Q2021 is expected to grow by 12.7% yoy to RMB199.6 billion. The industry recovered after the COVID-19 pandemic and grew further in 1H2021. However, On the other hand, due to the weakened macroeconomy and headwinds in some sectors such as education and games, the performance of online advertising varies among different platforms and different industries. We believe that advertising business on other platforms will continue to face pressure from short videos.

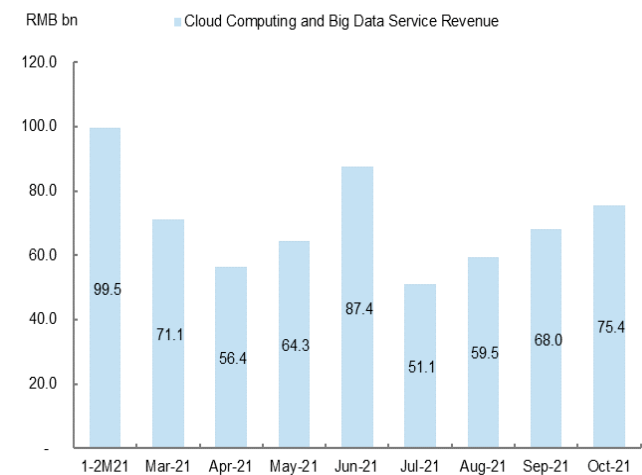
We expect the domestic cloud computing market to keep its fast growth and to become a more important income source for internet companies. According to the Ministry of Industry and Information Technology (MIIT), China's cloud computing and big data service revenue amounted to RMB632.7 billion in 1-10M2021, representing yoy growth of 21.6%.

Figure-1: China's Online Advertising Market Scale



Source: QuestMobile, Guotai Junan International.

Figure-2: China's Cloud Computing and Big Data Service Revenue



Source: MIIT, Guotai Junan International.

3Q2021 Results Review

Table-1: Baidu's Financial Results

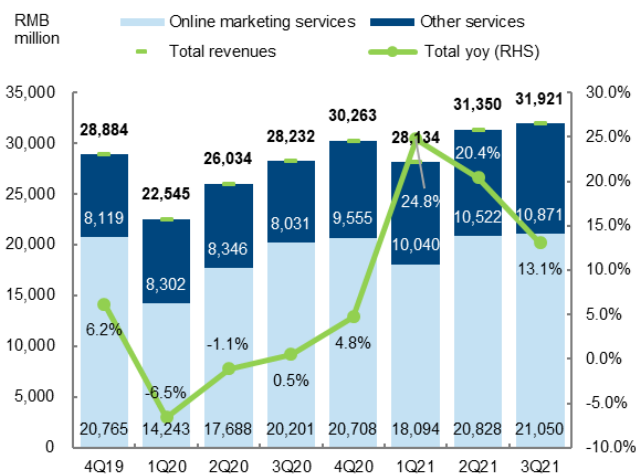
RMB million (unless indicated otherwise)	3Q20	4Q20	1Q21	2Q21	3Q21	QoQ	YoY
Online marketing services	20,201	20,708	18,094	20,828	21,050	1.1%	4.2%
Other services	8,031	9,555	10,040	10,522	10,871	3.3%	35.4%
Total Revenue	28,232	30,263	28,134	31,350	31,921	1.8%	13.1%
Gross Profit	15,417	15,741	13,132	15,453	15,795	2.2%	2.5%
Gross profit margin	54.6%	52.0%	46.7%	49.3%	49.5%	0.2 ppt	(5.1) ppt
Selling, general and administrative expenses	4,700	5,094	5,245	5,707	7,320	28.3%	55.7%
Research and development expenses	4,561	5,670	5,098	6,283	6,167	(1.8%)	35.2%
Operating Profit	6,156	4,977	2,789	3,463	2,308	(33.4%)	(62.5%)
Operating profit margin	21.8%	16.4%	9.9%	11.0%	7.2%	(3.8) ppt	(14.6) ppt
Shareholders' net profit	13,678	5,174	25,653	(583)	(16,559)	n.a.	(221.1%)
Net profit margin	48.4%	17.1%	91.2%	(1.9%)	(51.9%)	(50.0) ppt	(100.3) ppt
Non-GAAP shareholders' profit	6,988	6,868	4,297	5,359	5,090	(5.0%)	(27.2%)
Non-GAAP net profit margin	24.8%	22.7%	15.3%	17.1%	15.9%	(1.1) ppt	(8.8) ppt

Source: the Company, Guotai Junan International.

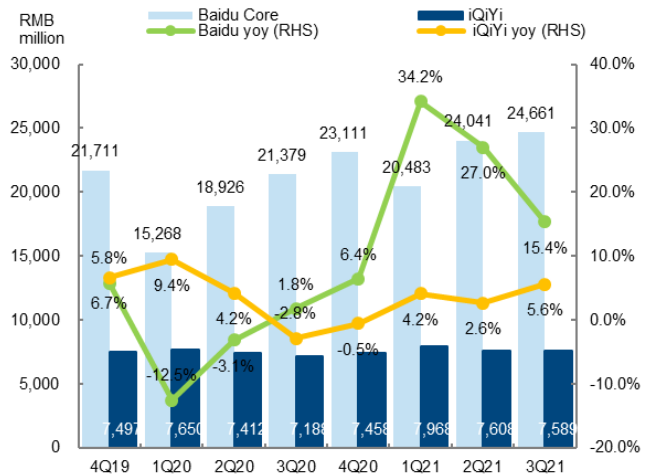
Baidu's (the "Company") non-GAAP shareholders' profit in 3Q2021 amounted to RMB5,090 million, down 27.2% yoy and 5.0% qoq, but higher than market estimation. Total revenue grew by 13.1% yoy to RMB31,921 million, mainly thanks to the strong performance of its AI cloud. Revenue from online marketing services and from other services amounted to RMB21,050 million and RMB10,871 million, respectively, representing yoy growth of 4.2% and 35.4%. From another aspect, revenue from Baidu Core was RMB24,661 million, up 15.4% yoy and accounted for 77.3% of total revenue, while that from iQiYi was RMB7,589 million, up by 5.6% yoy but down by 0.2% qoq. Gross profit margin (GPM) in 3Q2021 was 49.5%, increasing by 0.2 ppt qoq, mainly due to the profitability improvement of Baidu Core businesses, but that of iQiYi was 7.4%, down 4.1 ppt yoy and 2.3 ppt qoq, mainly due to higher content cost. SG&A surged by 55.7% yoy to RMB7,320 million, accounting for 22.9% of total revenue and primarily due to the increase in channel spending, promotional marketing, personnel-related expenses and a contingent loss pertaining to legal proceeding involving former advertising agency of RMB976 million. R&D accounted for 19.3% of total revenue, 0.7 ppt lower than previous quarter (20.0%, the highest level of recent years), and amounted to RMB6,167 million, mainly related to personnel-related expenses. Due to increased expenditure, Baidu's operating profit margin (OPM) was 7.2%, down 14.6 ppt yoy. Operating income decreased by 62.5% yoy and 33.4% qoq to RMB2,308 million. OPM for Baidu Core was 15.1%, but that for iQiYi worsened at -18.0%. Due to RMB19.0 billion fair value loss from long-term investment, compared with the fair value gain of RMB23.6 billion in 1Q2021 and the loss of RMB3.2 billion in 2Q2021, Baidu suffered a net loss of RMB17,347 million and shareholders' net loss of RMB16,559 million. Excluding the loss from investments and other items, Baidu's non-GAAP shareholder's net margin (NPM) was 15.9%, down 8.8 ppt yoy and 1.1 ppt qoq. Non-GAAP diluted EPS was RMB1.83. The Company's management's guidance for total revenue in 4Q2021 is between RMB31.0 billion to RMB34.0 billion, representing yoy growth of 2%-12%, and that for revenue of Baidu Core is to grow by 5%-16% yoy.

25 November 2021

Figure-3: Baidu's Quarterly Revenue Breakdown and Total Revenue YoY Growth **Figure-4: Baidu Core and iQiYi Quarterly Revenue and YoY Growth**

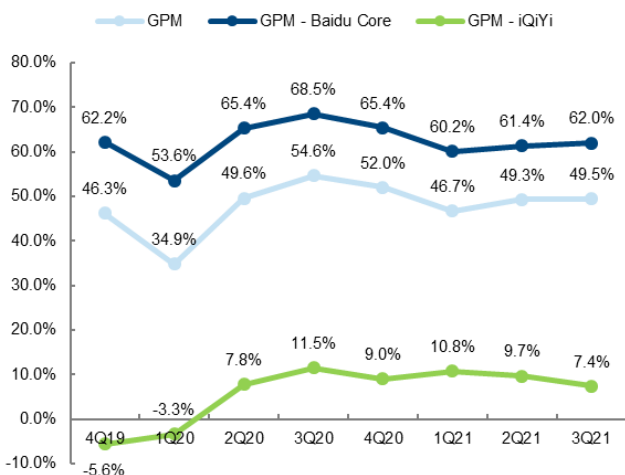


Source: the Company, Guotai Junan International.



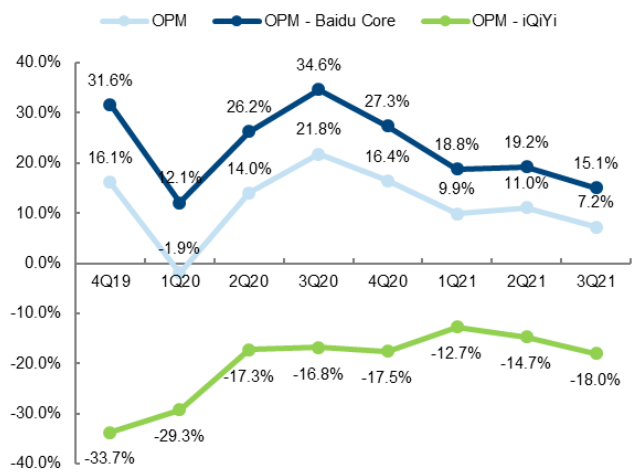
Source: the Company, Guotai Junan International.

Figure-5: Baidu's GPM of Each Segment



Source: the Company, Guotai Junan International.

Figure-6: Baidu's OPM of Each Segment



Source: the Company, Guotai Junan International.

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Company Report

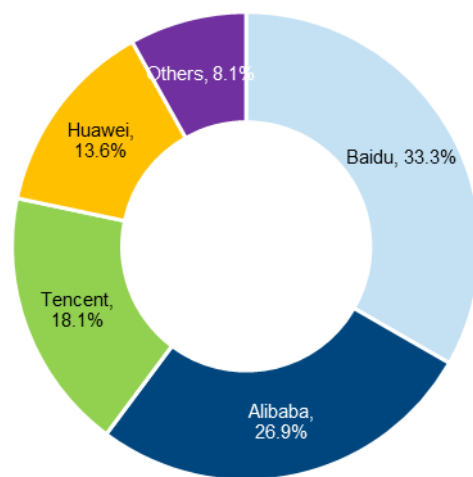
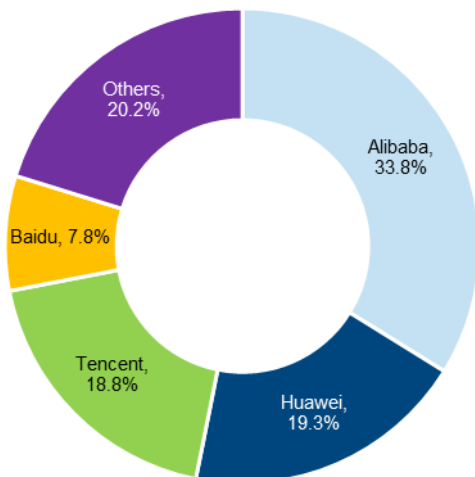
Online Marketing

Online marketing services continued to offer stable cash flow to Baidu’s new businesses, but we expect its growth to slow down in the next few quarters after strong recovery of the whole industry and its revenue shares to decrease due to faster growth in new businesses. For 3Q2021, online revenue services revenue from Baidu Core amounted to RMB19.5 billion, up 6.0% yoy, and that from iQiYi amounted to RMB1,660 million, down 9.8% yoy. Monthly active users (MAU) of Baidu in September reached 607 million, up 4.7% qoq and with 79% of users logging in daily. 43% of Baidu Core’s online market services revenue came from Managed Page in 3Q2021, up 3 ppt yoy and qoq, mainly due to marketing-cloud enhancements, such as expanded e-commerce features and tools. In addition, the softness of macroeconomy and recent policy and regulations may bring some uncertainty to the Company. On the one hand, according to AppGrowing, a third-party data company, among the major platforms, 7.97% of Baidu’s advertisements came from the education and training sector, only next to Tencent’s 11.77%, from May to July 2021. Regulations that ban K-9 for-profit entities push advertisers to abandon investing in marketing. As a result, advertising revenue may be negatively affected from 2H2021. On the other hand, future regulations may force apps to provide a convenient option for users to disable algorithm recommendations, which reduces the effect of advertisements, especially on short videos and integrated news platforms. However, for search engines like Baidu.com, where users input information on their own, it may be a potential opportunity to gain back more advertisement demand without violating regulations. **We expect revenue from online marketing services in 2021-2022 to be RMB82,098 million and RMB87,054 million, respectively, representing yoy growth of 12.7% and 6.0%.**

AI Cloud

AI cloud revenue in 3Q2021 surged by 73.0%, boosting growth of total revenue of the Company. The fast growth in AI cloud benefited from demand for cloud services by customers from internet media, financial services, energy, manufacturing, and the public sectors, as well as ACE smart transportation (ACE stands for Autonomous Driving, Connected Road and Efficient Mobility). According to Canalys, a third-party data company, Baidu’s cloud infrastructure service spending in 2Q2021 accounted for 7.8% of china’s market shares, next to Alibaba, Huawei and Tencent. However, as for the segment of AI cloud, according to IDC, Baidu ranked first as the top provider in China in 2020, with 33.3% market share. Especially, in healthcare cloud, the Company has expanded into over 400 hospitals in 29 provinces and over 1,500 primary care clinics in 11 provinces, leading to a revenue yoy growth of 245% in 1H2021. ACE smart transportation has been adopted by 24 cities, tripling yoy, based on contract amount over RMB10 million by 3Q2021. Combining cloud with AI, Baidu’s AI cloud has higher margin, and is able to process faster computing than other general cloud services, according to the management. According to 2020 China Patent Technology Analysis Report on Artificial Intelligence, Baidu ranked first in terms of both number of AI patent applications (9,364) and number of AI patent authorizations (2,682), prior to its major competitors such as Tencent and Huawei. We believe that Baidu will continue to lead the segment, with heavy investment in R&D. **We expect revenue from other services in 2021-2022 to be RMB43,077 million and RMB53,147 million, respectively, representing yoy growth of 25.8% and 23.4%.**

Figure-7: China's Cloud Infrastructure Service Spend in 2Q2021 **Figure-8: China's AI Cloud Market Share in 2020**



Source: Canalys, Guotai Junan International.

Source: IDC, Guotai Junan International.

Apollo

According to the management, Apollo Go has become the largest robotaxi service provider in the world, which is expected to bring significant changes to the taxi industry and other auto driving segments after 2025. The management indicates that, from the aspect of cost, for the last five generations updated, cost saving was at around 60% each time. It is expected that the cost per mile of Apollo will be lower than a human driver in 2025. From the aspect of safety, no serious injury has happened since the beginning and the management expects that it will be 10 times safer than a human driver. From the aspect of testing, Apollo has received 411 auto driving permits as at September 2021, up 106.5% since end of 2020 and up 47.8% since June 2021. Level 4 testing mileage on public roads has reached 16 million km or 10 million miles, up 189.0% yoy. According to the 2020 Beijing Autonomous Vehicles Road Test Report, Baidu had tested more than 2 million km during 2018-2020 in Beijing, accounting for 91.2% of total mileage. In addition, Baidu is the only company that owns a Level 4 testing permit in China, which indicates that the Company has dominant advantage on autonomous driving. For Apollo Go, the robotaxi ride-hailing service has expanded to five cities, and provided 115,000 trips to the public, doubling qoq. According to the management, the Company plans to expand its business to 65 cities by 2025 and 100 cities by 2030. For Jidu, it is making great progress as it plans to release its first concept production car at the Beijing Auto Show early next year. Jidu will showcase Apollo's intelligent self-driving and incoming features with the aim to deliver to mass production in 2023.

Table-2: Information about 2020 Beijing Autonomous Vehicles Road Test

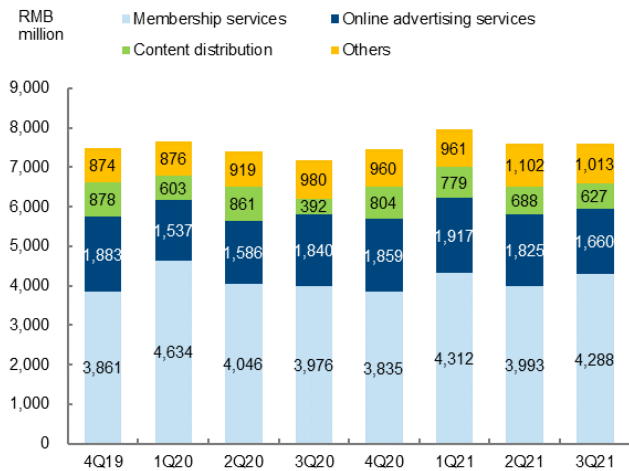
Companies	2018-2020 Testing mileage		2018-2020 Testing vehicles	
	Kilometers	Proportion	Number	Proportion
Baidu	2,019,230	91.2%	57	65.5%
Pony.ai	163,249	7.4%	7	8.0%
Toyota	15,022	0.7%	4	4.6%
Tencent	4,157	0.2%	1	1.1%
NIO	3,515	0.2%	2	2.3%
Others	8,263	0.4%	16	18.4%
Total	2,213,436	100.0%	87	100.0%

Source: 2020 Beijing Autonomous Vehicles Road Test Report, Guotai Junan International.

iQiyi

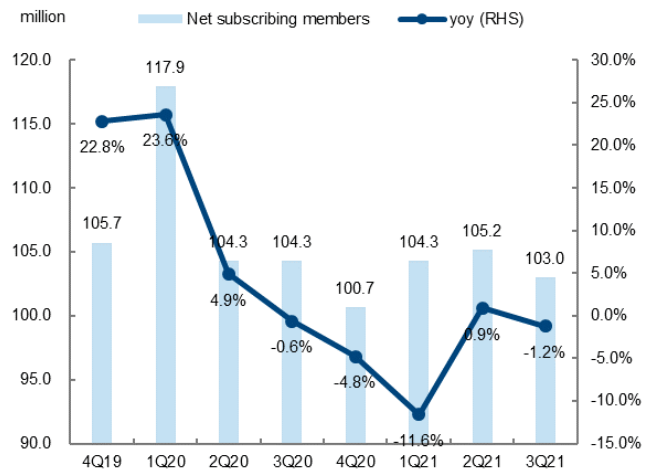
We expect iQiyi's revenue in 2021-2022 to be RMB30,617 million and RMB32,386 million, respectively. In 3Q2021, revenue from membership services amounted to RMB4,288 million, up 7.9% yoy and accounting for 56.5% of total revenue of iQiyi, while that from online advertising services decreased by 9.8% yoy and accounted for 21.9% of iQiyi revenue mainly due to the weakened industry. Shareholders' net loss reached at RMB1,734 million, 23.7% more than 2Q2021. On the user front, net subscribing members reached 103.0 million, down 1.2% yoy and 2.1% qoq. However, average revenue per net subscribing member (ARPSM) for member services increased by 9.2% yoy and 9.7% qoq to RMB41.6. ARPSM for all businesses was up by 6.9% yoy, mainly thanks to the increase in member services and content distribution. According to the research report on the development of China internet audio and video 2021 《2021 中国网络视听发展研究报告》, as the largest five platforms, iQiyi, together with Tencent Video, Youku, MGTV and Bilibili accounted for 88.3% market share of China's online video market. As for online variety shows, the number surged by 49.3% from 2019 to 2020 due to the pandemic. However, the market share of iQiyi was only 15.1%, next to Tencent Video, MGTV and Youku. While iQiyi has not yet realized breakeven in the internet video industry with severe competition, we expect that this situation will continue to improve with better quality of contents and increasing ARPSM. According to the management, the revenue guidance for 4Q2021 is between RMB7.08 billion and RMB7.53 billion, representing yoy growth of between -5% and 1%.

Figure-9: iQiyi's Quarterly Revenue Breakdown



Source: the Company, Guotai Junan International.

Figure-10: iQiyi's Quarterly Net Subscribing Members and YoY Growth



Source: the Company, Guotai Junan International.

Profit Forecasts

In terms of net other income (loss), Baidu's investment is a large uncertainty for its GAAP net profit. According to Kuaishou's prospectus and Trip.com's annual report, Baidu owns 3.1% of Kuaishou's shares (after global offering) and 11.5% of Trip.com's shares. However, we believe that the present valuation of Kuaishou is attractive with solid fundamentals, and we expect Trip.com to recover gradually as global travel restrictions are relaxed further and COVID-19 is coming under better control. As a result, we expect Baidu to gain positive net other gain in 4Q2021.

We expect Baidu's total revenue in 2021-2023 to be RMB125,176 million, RMB140,201 million and RMB159,035 million, respectively, representing yoy growth of 16.9%, 12.0% and 13.4%. Considering the slowing growth of online marketing services expected in the next few quarters, which has been bringing stable cash flow to the Company, we expect revenue share from other services to increase from 32.0% in 2020 to more than 40% by 2023. In addition, with improving economies of scale of AI cloud and the commercialization of Apollo Go in more cities, GPM is expected to increase gradually to above 50% by 2023. Supported by stable cash flow from marketing services, Baidu will continue to invest in R&D to push the progress of Apollo and other new businesses. We expect R&D expenses to account for around 19% of total revenue in 2021 and to increase by 20.6% yoy. Recent tightening regulations on the internet sector brings potential negative outlook to the fundamentals, especially for online games and e-commerce companies. However, as an AI company, Baidu is expected to be less affected. We expect Baidu's non-GAAP shareholders' net profit in 2021-2023 to be RMB19,870 million, RMB21,905 million and RMB27,116 million, respectively, representing yoy growth of -9.8%, 10.2% and 23.8%. In the short term, online marketing services will support stable revenue. In the medium term, we are confident with the growth momentum of AI cloud as the no.1 provider in China. In the long term, the outbreak of robotaxi Apollo is promising once it realizes lower cost per mile than human drivers.

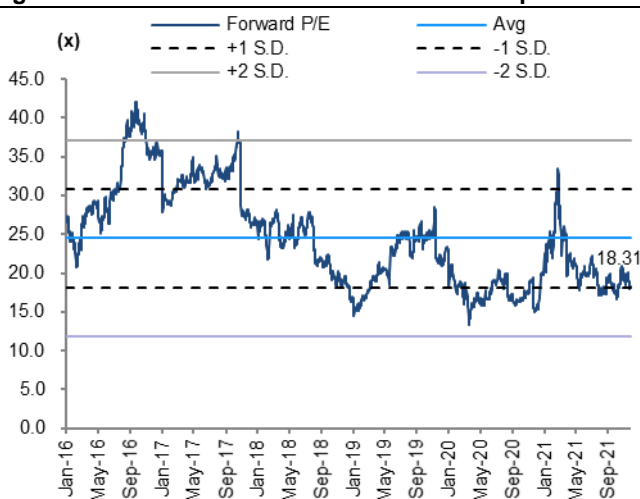
Table-3: Financial Estimations

RMB million	2019A	2020A	2021F	2022F	2023F
Online marketing services	78,093	72,840	82,098	87,054	91,507
Other services	29,320	34,234	43,077	53,147	67,528
Total Revenue	107,413	107,074	125,176	140,201	159,035
Gross Profit	44,563	51,916	60,978	69,096	81,658
Gross profit margin	41.5%	48.5%	48.7%	49.3%	51.3%
Operating Profit	6,307	14,340	13,407	16,409	21,518
Operating profit margin	5.9%	13.4%	10.7%	11.7%	13.5%
Shareholders' net profit	2,057	22,472	14,053	14,219	19,942
Net profit margin	1.9%	21.0%	11.2%	10.1%	12.5%
Non-GAAP shareholders' profit	18,182	22,020	19,870	21,905	27,116
Non-GAAP net profit margin	16.9%	20.6%	15.9%	15.6%	17.1%
Basic EPS (RMB)	0.710	8.190	5.096	5.118	7.179
Non-GAAP basic EPS (RMB)	6.524	8.060	7.206	7.885	9.761
Diluted EPS (RMB)	0.700	8.120	5.045	5.065	7.116

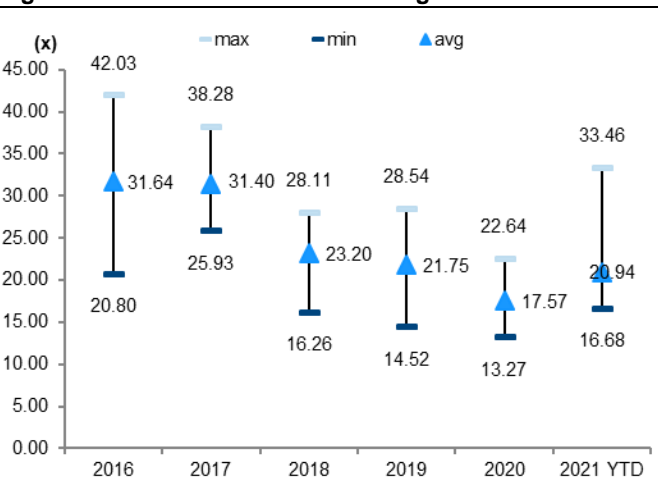
Source: the Company, Guotai Junan International.

Valuation

Our investment rating is "Buy" with target price of HK\$233.00, which represents 26.5x, 24.2x and 19.6x 2021-2023 non-GAAP PER. We believe that recent underperformance of internet stocks cannot reflect the true fair value of the Company, as the Company is less affected by tightening policy and supported by stable advertising business. We also believe that Baidu's leading position of AI cloud and autonomous driving, which will result in significant changes to the industry and even the whole society, brings large upside potential for its valuation. We keep a positive outlook on Baidu's new businesses.

Figure-11: Baidu's Non-GAAP Forward PE Graph


Source: Bloomberg.

Figure-12: Baidu's Historical PE Range


Source: Bloomberg.

Table-4: Peers Comparison

Company	Ticker	Currency	Last price	PER (x)			PBR (x)			P/S	PEG	Market Cap
				21F	22F	23F	21F	22F	23F	21F	21F-23F	Local currency (million)
Advertising & Social Network Companies												
Baidu	9888 HK	HKD	145.900	18.3	16.1	13.0	1.6	1.7	1.6	2.7	1.0	406,254
Tencent	700 HK	HKD	472.200	28.4	24.7	20.2	4.3	3.7	3.1	6.5	1.5	4,530,823
Weibo	WB US	USD	43.960	14.2	13.1	11.7	2.9	2.4	2.0	4.5	1.4	10,071
Alphabet	GOOGL US	USD	2915.640	25.0	23.4	20.1	7.7	6.4	5.3	9.3	2.2	1,941,934
Meta Platforms	FB US	USD	337.250	22.3	21.7	18.8	6.5	5.3	4.3	8.0	2.5	938,148
Twitter	TWTR US	USD	47.140	90.0	54.0	34.3	4.9	4.9	4.5	7.4	1.5	37,694
Simple Average				33.0	25.5	19.7	4.7	4.1	3.5	6.4	1.7	
Weighted Average				25.4	23.4	19.8	6.7	5.6	4.6	8.4	2.1	
Culture & Entertainment Companies												
China Literature	772 HK	HKD	55.950	32.3	26.8	21.5	2.8	2.6	2.3	4.9	1.4	57,182
Bilibili	9626 HK	HKD	549.500	n.a.	n.a.	n.a.	8.9	12.0	15.1	8.9	1.5	212,979
Cathay Media & Education	1981 HK	HKD	3.590	11.8	9.3	7.7	1.6	1.4	1.3	4.4	0.5	5,959
CuriosityStream	CURI US	USD	7.670	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.1	0.1	432
Fubotv	FUBO US	USD	20.490	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.8	0.5	2,963
iQiyi	IQ US	USD	6.640	n.a.	n.a.	n.a.	5.7	8.2	10.8	1.1	0.2	5,241
Netflix	NFLX US	USD	654.060	58.2	49.8	39.5	19.7	14.7	11.3	9.8	2.7	289,717
Phoenix New Media	FENG US	USD	1.090	n.a.	12.2	5.4	n.a.	n.a.	n.a.	0.5	n.a.	79
Roku	ROKU US	USD	226.060	141.6	128.2	68.0	11.0	9.3	7.6	10.9	3.2	30,374
Walt Disney	DIS US	USD	151.030	137.3	36.8	26.8	3.0	3.0	2.7	4.7	1.3	274,441
Simple Average				76.3	43.9	28.2	7.5	7.3	7.3	5.6	1.3	
Weighted Average				98.1	47.5	34.9	11.3	9.1	7.4	7.5	2.0	
Cloud Companies												
Bairong	6608 HK	HKD	10.320	n.a.	22.5	18.4	1.0	0.9	0.9	2.6	n.a.	5,164
Cloopen Group	RAAS US	USD	4.110	n.a.	n.a.	n.a.	5.5	8.1	21.6	4.1	0.1	676
Kingsoft Cloud	KC US	USD	19.710	n.a.	n.a.	323.1	3.8	4.3	4.0	3.2	n.a.	4,763
Ming Yuan Cloud	909 HK	HKD	24.150	110.8	75.9	50.3	5.7	5.4	5.1	16.5	2.3	47,542
Salesforce*	CRM US	USD	291.420	65.8	62.6	51.2	5.1	5.0	4.4	10.8	4.9	285,300
Twilio	TWLO US	USD	275.130	n.a.	n.a.	772.8	4.5	4.8	5.1	17.7	n.a.	49,064
Weimob	2013 HK	HKD	10.060	n.a.	n.a.	83.1	11.3	13.2	12.0	7.7	n.a.	25,994
Workday Inc*	WDAY US	USD	274.280	70.2	77.0	62.2	15.4	12.7	9.9	13.4	11.3	68,570
Simple Average				82.3	59.5	194.5	6.5	6.8	7.9	9.5	4.6	
Weighted Average				67.4	65.5	141.1	6.7	6.3	5.5	12.1	5.4	
Overall Average				63.8	43.0	80.8	6.2	6.1	6.2	7.2	2.5	
Overall Weighted Average				63.6	45.4	65.2	8.2	7.0	5.8	9.3	3.2	

Source: Bloomberg.
 Note: * represents figures of FY22/FY23/FY24

Company Rating Definition

The Benchmark: Hong Kong Hang Seng 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: Hong Kong Hang Seng 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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