

Meituan (3690 HK)

FD investment peaked out; driving value creation to enhance mind share in core users

Meituan reported (28 Nov) its 3Q25 results: revenue was RMB95.5bn, up 2.0% YoY, 2% shy of both our forecast and Bloomberg consensus, while adj. net loss reached RMB16.0bn (3Q24: +RMB12.8bn), shy of consensus at RMB14.0bn due to more intensified-than-market expected competition in food delivery (FD) but was better than our forecast of loss of RMB16.6bn. With a moderation in industry competition QoQ in 4Q25 QTD, we believe FD investment has peaked out in 3Q25. Although competition in FD industry remains dynamic, and Meituan is facing increasing competition in in-store business, the strategy to enhance mindshare of the core user base should help Meituan better support long-term growth. The greater-than-peers order contribution from high-value FD orders and better operating efficiency should help Meituan sustain its UE advantage over peers for FD business, in our view. Our DCF-based TP is lowered by 9% to HK\$141.0 to factor in Meituan's incremental investment to drive value creation for the core user base and likely wider-than-our previously expected loss in new businesses in the near term resulting from Keeta expansion in new countries. Our new TP translates into 19x 2027E PE (non-GAAP). BUY.

■ **CLC: maintained solid market share in high-quality FD orders.** Core local commerce (CLC) segment revenue reached RMB67.4bn, down 3% YoY, and OP loss was RMB14.1bn (3Q24: profit of RMB14.6bn), as Meituan is revamping business strategies to enhance user stickiness and fortify market position amid intensified competition. Management highlighted that it has maintained solid market share in high-quality FD orders, which should support long-term profitability: Meituan's market share for orders with average order value above RMB15 is more than 2/3, and that for orders above RMB30 reached more than 70% recently. As we observed that industry competition has marginally eased in Oct-Nov compared to that in Jul-Aug, and further moderated post Double 11 shopping festival, we expect investment drag from FD business on profitability to narrow QoQ in 4Q25. Meanwhile, we expect Meituan to sustain its investment in core membership user base to enhance consumer mindshare and better support long-term growth. For 4Q25, we forecast CLC to ink revenue of RMB65.1bn, down 1% YoY, driven by +10/+31% YoY revenue growth in in-store/Instashopping business, but offset by a 9% YoY decline in the FD business, and we anticipate CLC to achieve operating loss of RMB10.7bn in 4Q25E (4Q24: OP of RMB12.9bn).

■ **New initiatives: operating efficiency improvement of Keeta trending better than our expectation.** Revenue generated from new initiatives was RMB28.0bn in 3Q25, up 15.9% YoY (2Q25: 22.8%). Segmental operating loss was RMB1.3bn, narrowing from RMB1.9bn in 2Q25, and was narrower than both our forecast/consensus at loss of RMB2.3bn/2.4bn, thanks to better-than-expected operating efficiency improvement of Keeta. Management highlighted that Keeta in Hong Kong has turned profitable in Oct 2025 after commencing operation for 29 months, ahead of its original schedule of 36 months, in our view proving that Meituan's FD business operation know-how can be successfully replicated to other regions and Meituan has managed to drive operating efficiency improvement. We expect Keeta in the GCC area could also achieve breakeven within 36 months. For 4Q25, we are estimating revenue growth for new initiatives to accelerate to 18.5% YoY driven by business expansion to more GCC countries and Brazil for Keeta, and we are looking for operating loss to widen accordingly to RMB4.0bn, mainly driven by the upfront investment of Keeta, as well as a slight increase in loss from Xiaoxiang Supermarket on domestic business expansion.

BUY (Maintain)

Target Price HK\$141.00
(Previous TP) HK\$154.40
Up/Downside 37.6%
Current Price HK\$102.50

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Stock Data

Mkt Cap (HK\$ mn)	627,818.4
Avg 3 mths t/o (HK\$ mn)	6,262.3
52w High/Low (HK\$)	183.50/94.50
Total Issued Shares (mn)	6125.1

Source: FactSet

Shareholding Structure

Crown Holdings Asia Limited	8.1%
BlackRock	5.3%

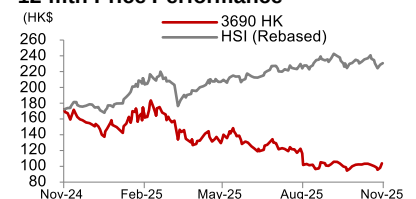
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	2.5%	4.4%
3-mth	0.8%	-2.6%
6-mth	-22.0%	-29.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	276,745	337,592	366,155	421,468	482,479
YoY growth (%)	25.8	22.0	8.5	15.1	14.5
Net profit (RMB mn)	13,856.1	35,807.2	(19,426.9)	(16,145.9)	33,088.4
Adjusted net profit (RMB mn)	23,253.4	43,772.4	(13,161.4)	(9,623.2)	40,041.7
YoY growth (%)	722.5	88.2	na	na	na
EPS (Adjusted) (RMB)	3.74	7.15	(2.15)	(1.57)	6.54
P/E (x)	41.8	15.9	ns	ns	17.3
ROE (%)	9.9	22.1	(12.1)	(11.3)	20.9

Source: Company data, Bloomberg, CMBIGM estimates

Revision of forecast and valuation

Figure 1: Meituan: quarterly financial results and comparison with consensus/CMBI forecasts

(RMB mn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Consensus	Diff (%)	CMBI estimates	Diff (%)
Revenue	73,276	82,251	93,577	88,487	86,557	91,840	95,488	97,474	-2.0%	97,837	-2.4%
YoY	25.0%	21.0%	22.4%	20.1%	18.1%	11.7%	2.0%				
By segment											
1. CLC	54,626	60,682	69,373	65,567	64,325	65,347	67,447	69,204	-2.5%	69,397	-2.8%
YoY	27.4%	18.5%	20.2%	18.9%	17.8%	7.7%	-2.8%				
1.1 Delivery services	21,065	23,021	27,784	26,195	25,723	23,656	23,022	26,682	13.7%	-	-
YoY	24.6%	13.0%	20.9%	19.5%	22.1%	2.8%	-17.1%				
1.2 Commission	20,034	22,108	26,080	24,066	24,051	24,951	26,375	26,773	-1.5%		
YoY	26.7%	20.1%	24.3%	23.9%	20.1%	12.9%	1.1%				
3. Online marketing services	10,307	12,263	13,424	12,842	11,862	13,547	14,193	13,587	4.5%		
YoY	33.1%	19.7%	18.1%	17.7%	15.1%	10.5%	5.7%				
4. Other services and sales	3,219	3,289	2,085	2,464	2,688	3,193	3,856	2,255	71.1%		
YoY	33.1%	51.0%	-11.3%	-14.2%	-16.5%	-2.9%	84.9%				
2. New initiatives	18,650	21,569	24,204	22,920	22,232	26,493	28,041	28,554	-1.8%	28,440	-1.4%
YoY	18.5%	28.7%	28.9%	23.5%	19.2%	22.8%	15.9%				
Operating profit	5,209	11,257	13,685	6,693	10,566	226	-19,759	-15,400	28.3%	-18,275	-8.1%
By segment											
CLC	9,699	15,234	14,582	12,900	13,491	3,721	-14,071	-12,611	11.6%	-15,502	9.2%
YoY	2.7%	36.8%	44.4%	60.9%	39.1%	-75.6%	196.5%				
New initiatives	-2,757	-1,314	-1,026	-2,176	-2,274	-1,881	-1,278	-2,324	45.0%	-2,352	45.7%
Non-IFRS net profit	7,488	13,606	12,829	9,849	10,949	1,493	-16,010	-13,961	14.7%	-16,582	3.4%
YoY	36.4%	77.6%	124.0%	125.1%	46.2%	-89.0%	224.8%				
OPM (%)	7.1%	13.7%	14.6%	7.6%	12.2%	0.2%	-20.7%	-15.8%	-4.9 ppt	-18.7%	-2.0 ppt
CLC	17.8%	25.1%	21.0%	19.7%	21.0%	5.7%	-20.9%	-18.2%	-2.6 ppt	-22.3%	1.5 ppt
New initiatives	-14.8%	-6.1%	-4.2%	-9.5%	-10.2%	-7.1%	-4.6%	-8.1%	3.6 ppt	-8.3%	3.7 ppt
Non-IFRS NPM (%)	10.2%	16.5%	13.7%	11.1%	12.6%	1.6%	-16.8%	-14.3%	-2.4 ppt	-16.9%	0.2 ppt

Source: Company data, Bloomberg, CMBIGM estimates. Note: CLC: core local commerce

Key changes in our estimates include: 1) we lower 2025E revenue forecast by 1% to factor in the miss in revenue forecast in 3Q25, but we lift 2026-2027E revenue forecast by 0-1% to account for likely better-than-we expected revenue growth of Keeta aided by business expansion to new countries and areas; 2) we cut 2025-2027E operating profit forecast to factor in incremental loss generated from Keeta related to its new country openings, as well as incremental investment in CLC to enhance customer loyalty of its core user base.

Figure 2: Meituan: forecast revision

RMB bn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	366.2	421.5	482.5	370.1	417.6	481.2	-1.1%	0.9%	0.3%
OP	(20.9)	(18.9)	38.3	(17.2)	(1.9)	60.5	-21.3%	-903.3%	-36.8%
Non-IFRS NP	(13.2)	(9.6)	40.0	(12.4)	5.3	59.4	-6.0%	-79.9%	-32.6%
OPM	-5.7%	-4.5%	7.9%	-4.7%	-0.5%	12.6%	-1.1 pp	-4.0 pp	-4.6 pp
Non-IFRS NPM	-3.6%	-2.3%	8.3%	-3.4%	1.3%	12.3%	-0.2 pp	-3.6 pp	-4.0 pp

Source: CMBIGM estimates

DCF-based target price of HK\$141.0

To account for the mixed impact from lowered earnings forecasts and rolling over of valuation window to 2026E, our DCF-based TP is lowered by 9% to HK\$141.0 (WACC of 11.0%, terminal growth of 2.5%; both unchanged), translating into 19x 2027E adjusted PE.

Figure 3: Meituan: DCF valuation, WACC of 11.0%, terminal growth of 2.5%

(RMBmn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NPV of FCF	192,734	245,604	245,505	212,920	179,500	131,957	67,340
Discounted terminal value	434,709						
Total equity valuation	766,686						
Total equity valuation (HKDmn)	863,559						
No. of shares (diluted, mn)	6,125						
Valuation per share (HKD)	141.0						

Source: Company data, CMBIGM estimates

Note: Our TP is based on 2026E valuation; RMB/HKD=1.126:1

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	219,955	276,745	337,592	366,155	421,468	482,479
Cost of goods sold	(158,202)	(179,554)	(207,807)	(252,402)	(291,222)	(320,527)
Gross profit	61,753	97,191	129,785	113,753	130,246	161,952
Operating expenses	(67,573)	(83,776)	(92,940)	(134,640)	(149,159)	(123,684)
SG&A expense	(49,517)	(67,989)	(74,704)	(113,150)	(123,382)	(94,929)
R&D expense	(20,740)	(21,201)	(21,054)	(23,986)	(26,865)	(29,122)
Others	2,683	5,414	2,818	2,496	1,088	367
Operating profit	(5,820)	13,415	36,845	(20,888)	(18,913)	38,268
Share of (losses)/profits of associates/JV	36	1,213	1,186	126	126	126
Interest income	658	819	1,292	2,050	2,383	1,816
Interest expense	(1,629)	(1,425)	(1,337)	(1,737)	(1,737)	(1,737)
Others	0	0	0	0	0	0
Pre-tax profit	(6,756)	14,022	37,985	(20,448)	(18,141)	38,473
Income tax	70	(165)	(2,177)	1,022	1,995	(5,386)
After tax profit	(6,685)	13,857	35,808	(19,426)	(16,145)	33,087
Minority interest	1	1	1	1	1	(1)
Net profit	(6,686)	13,856	35,807	(19,427)	(16,146)	33,088
Adjusted net profit	2,827	23,253	43,772	(13,161)	(9,623)	40,042
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	143,145	183,116	209,735	234,253	217,990	252,981
Cash & equivalents	20,159	33,340	70,834	93,729	68,636	100,995
Restricted cash	14,606	19,373	19,550	21,505	23,655	26,021
Inventories	1,163	1,305	1,734	1,562	2,232	2,111
Other current assets	107,218	129,099	117,617	117,457	123,467	123,855
Non-current assets	101,336	109,913	114,620	106,023	106,928	109,585
PP&E	22,201	25,978	30,239	31,256	31,783	32,552
Intangibles	30,643	30,398	30,230	30,596	31,018	31,500
Other non-current assets	48,491	53,538	54,151	44,171	44,127	45,533
Total assets	244,481	293,030	324,355	340,276	324,918	362,567
Current liabilities	76,430	100,874	107,936	131,376	132,748	130,013
Short-term borrowings	17,562	19,322	1	16	1,293	1,296
Account payables	29,812	46,779	50,325	62,979	61,450	47,190
Tax payable	29,056	34,774	57,610	68,381	70,005	81,527
Non-current liabilities	39,345	40,199	43,815	60,757	53,851	54,395
Long-term borrowings	1,549	610	1,175	17,761	11,155	11,175
Other non-current liabilities	37,796	39,589	42,640	42,997	42,695	43,219
Total liabilities	115,775	141,073	151,751	192,134	186,599	184,408
Share capital	0	0	0	0	0	0
Capital surplus	316,743	325,579	308,861	303,825	310,146	316,900
Retained earnings	(189,466)	(175,617)	(139,802)	(159,228)	(175,373)	(142,286)
Other reserves	1,484	2,051	3,603	3,603	3,603	3,603
Total shareholders equity	128,762	152,013	172,663	148,200	138,377	178,218
Minority interest	(56)	(57)	(59)	(58)	(57)	(59)
Total equity and liabilities	244,481	293,030	324,355	340,276	324,918	362,567

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(6,756)	14,022	37,985	(19,426)	(16,145)	33,087
Depreciation & amortization	9,730	7,997	8,421	9,602	10,853	11,293
Change in working capital	(813)	13,476	6,466	20,877	(8,994)	(6,252)
Others	9,250	5,028	4,274	6,225	6,322	6,755
Net cash from operations	11,411	40,522	57,147	17,278	(7,964)	44,883
Investing						
Capital expenditure	(5,731)	(6,880)	(10,999)	(10,618)	(11,380)	(12,062)
Net proceeds from disposal of short-term investments	(7,782)	(18,301)	16,472	0	0	0
Others	(1,201)	517	4,733	(366)	(421)	(482)
Net cash from investing	(14,714)	(24,664)	10,205	(10,985)	(11,801)	(12,544)
Financing						
Dividend paid	0	(2)	(3)	0	0	0
Net borrowings	(6,859)	663	(1,230)	16,601	(5,328)	22
Proceeds from share issues	0	0	0	0	0	0
Others	(3,131)	(3,442)	(29,182)	1	1	(1)
Net cash from financing	(9,990)	(2,781)	(30,415)	16,602	(5,328)	21
Net change in cash						
Cash at the beginning of the year	32,513	20,159	33,340	70,834	93,729	68,636
Exchange difference	938	104	557	0	0	0
Others	0	0	0	0	0	0
Cash at the end of the year	20,159	33,340	70,834	93,729	68,636	100,995
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	22.8%	25.8%	22.0%	8.5%	15.1%	14.5%
Gross profit	45.4%	57.4%	33.5%	(12.4%)	14.5%	24.3%
Operating profit	na	na	174.6%	na	na	na
Net profit	na	na	158.4%	na	na	na
Adj. net profit	na	722.5%	88.2%	na	na	na
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	28.1%	35.1%	38.4%	31.1%	30.9%	33.6%
Operating margin	(2.6%)	4.8%	10.9%	(5.7%)	(4.5%)	7.9%
Adj. net profit margin	1.3%	8.4%	13.0%	(3.6%)	(2.3%)	8.3%
Return on equity (ROE)	(5.3%)	9.9%	22.1%	(12.1%)	(11.3%)	20.9%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.6)	(0.7)	(0.9)	(1.1)	(1.0)	(1.0)
Current ratio (x)	1.9	1.8	1.9	1.8	1.6	1.9
Receivable turnover days	3.1	3.1	2.9	2.7	2.6	2.5
Inventory turnover days	2.1	2.5	2.6	2.4	2.3	2.4
Payable turnover days	37.0	40.5	41.7	40.4	38.5	40.4
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	41.8	15.9	ns	ns	17.3
P/E (diluted)	ns	41.8	16.1	ns	ns	17.3
P/B	4.5	3.8	3.3	3.9	4.1	3.2
P/CFPS	100.5	17.0	12.4	85.7	ns	17.4
EV	751,410.6	715,338.8	676,721.9	668,473.2	686,087.4	651,385.1
EV/Sales	3.4	2.6	2.0	1.8	1.6	1.4

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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