

Mobvista Inc. (1860 HK)

Data-driven Adtech leader with SaaS expansion

As a leading global mobile ads and analytics platform, Mobvista is expected to surf the booming ads demand for app globalization and SaaS expansion. Backed by its sizable app base, strong Big Data and “Glocal” operation capability, we forecast Mobvista to deliver 31%/ 94% revenue/ net profit CAGR during FY20-23E, thanks to rising programmatic ads, stronger demand from game and e-commerce apps, and SaaS monetization. Recent Reyun acquisition would bring synergies in market expansion, better targeting and SaaS enhancement. Resume our coverage with BUY rating and DCF-based TP at **HK\$11.1**.

- Moving into strong rebound in FY21/22.** Despite the headwinds in 2H20 (e.g. Mintegral’s security issue, business reorganization at Nativex), we see high visibility for Mobvista to achieve strong ads rebound in FY21E, with healthy recovery of publishers and advertisers. We are impressed by its 1Q21 momentum, which is demonstrated by 81% QoQ growth in rev. We expect this trend to continue, and forecast its rev +48%/36% in FY21/22E, coupled with richer SaaS ecosystem.
- Well positioned to capture booming demand for app globalization.** We expect Mobvista to continuously grasp the wave of app globalization, especially for ecommerce, content & social, and game apps, which face fierce competition in limited lifecycle. We forecast mobile ads at 21% rev CAGR in FY20-23E (in which e-commerce/ content & social/ game ads +80%/ 50%/ 30% YoY in FY21E), accounting for 77% of total rev in FY21E.
- Stepping up SaaS expansion with Reyun acquisition.** Mobvista aims to build a SaaS ecosystem in the long run, backed by product portfolio of GA, Reyun and SpotMax. Reyun is a leading Chinese third-party mobile measurement and marketing technology company acquired in Apr 2021. The deal is valued at RMB1.5bn in cash & stock, implying 14x/11x FY20/21E P/S (based on our estimates). Given Reyun’s leading position in domestic market (vs. Mobvista’s high exposure in overseas) and strong sales team, we expect this deal to 1) strengthen ads targeting with Reyun’s richer data & analytics ability; and 2) to bring cross-selling opportunities in SaaS. We expect Reyun to deliver 40% rev CAGR in FY20-23E.
- Resume coverage with BUY.** Based on DCF valuation, we set the TP at HK\$11.1 (100x/54x/34x P/E, or 2.9x/2.1x/1.8x P/S in FY21/22/23E). Further catalysts may come from client network expansion, potential strong revenue and earnings growth, and data analytics initiatives.

Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (US\$ mn)	500.3	516.1	762.4	1,037.4	1,219.1
YoY growth (%)	15.1	3.2	47.7	36.1	17.5
Adj. net income (US\$ mn)	41.0	9.0	21.7	40.9	65.2
Adj. EPS (US\$)	0.03	0.01	0.01	0.03	0.04
YoY growth (%)	(9.7)	(78.6)	139.8	86.4	57.7
Consensus EPS (US\$)	NA	NA	0.02	0.03	0.04
P/E (x)	37.4	174.3	72.7	39.0	24.7
P/S (x)	3.1	3.0	2.1	1.5	1.3
ROE (%)	8.3	(1.9)	(0.1)	5.0	10.6
Net gearing (%)	Net cash	4.6	3.5	1.2	Net cash

Source: Company data, Bloomberg, CMBIS estimates

BUY (Initiation)

Target Price	HK\$11.1
Up/Downside	+38%
Current Price	HK\$8.1

China Internet Sector

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Stock Data

Mkt Cap (HK\$ mn)	12,966
Avg 3 mths t/o (HK\$ mn)	66.03
52w High/Low (HK\$)	11.44/ 3.15
Total Issued Shares (mn)	1,607

Source: Bloomberg

Shareholding Structure

Seamless Technology	70.21%
Citigroup	4.76%
Mobile Value Discovery	3.79%

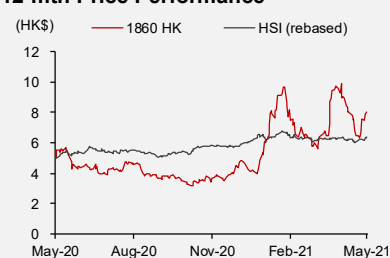
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-13.7%	-14.3%
3-mth	6.7%	6.0%
6-mth	126.9%	108.7%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: KPMG

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Investment Thesis

Moving into strong rebound in FY21/22.

Despite the headwinds in 2H20 (e.g. Mintegral's security issue, business reorganization at Nativex), we see high visibility for Mobvista to achieve strong ads rebound in FY21E, with healthy recovery of publishers and advertisers. We are impressed by its 1Q21 momentum, which is demonstrated by 81% QoQ growth in rev. We expect this trend to continue, and forecast its rev +48%/36% in FY21/22E, coupled with richer SaaS ecosystem.

Well positioned to capture booming demand for app globalization.

We expect Mobvista to continuously grasp the wave of app globalization, especially for ecommerce, content & social, and game apps, which face fierce competition in limited lifecycle. We forecast mobile ads at 21% rev CAGR in FY20-23E (in which e-commerce/content & social/ game ads +80%/ 50%/ 30% YoY in FY21E), accounting for 77% of total rev in FY21E.

Stepping up SaaS expansion with Reyun acquisition.

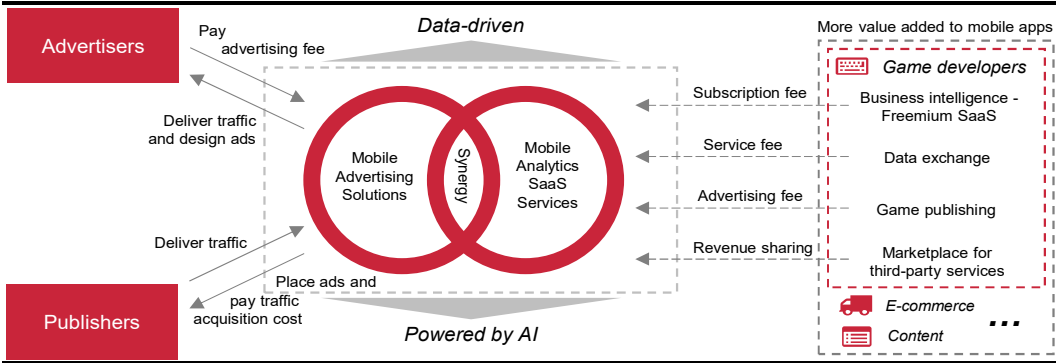
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Resume coverage with BUY.

Based on DCF valuation, we set the TP at HK\$11.1 (100x/54x/34x P/E, or 2.9x/2.1x/1.8x P/S in FY21/22/23E). Further catalysts may come from client network expansion, potential strong revenue and earnings growth, and data analytics initiatives.

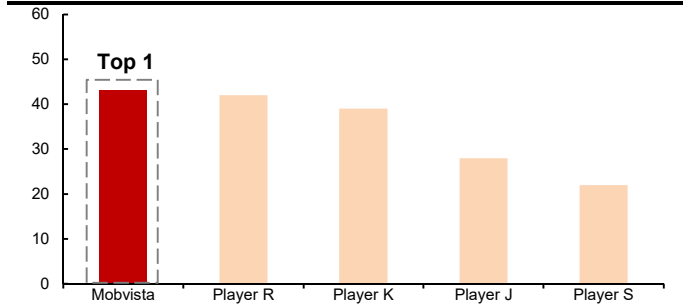
Focus Charts

Figure 1: Mobvista's business model



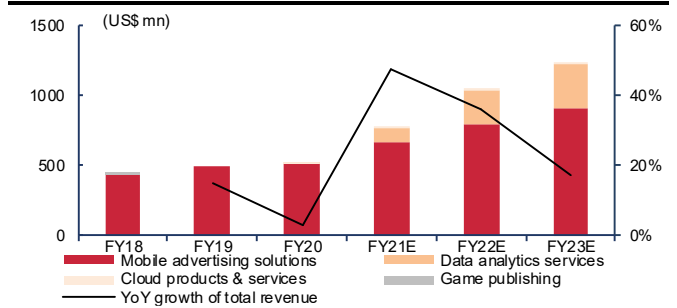
Source: Company data; Notes refer to Figure 8

Figure 2: Mobvista is ranked Top 1 by no. of the Top 50 PRC app using its user acquisition service in 2017



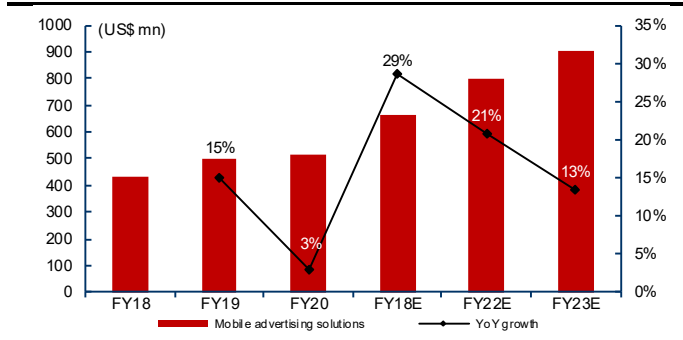
Source: iResearch

Figure 3: 33% revenue CAGR in FY20-23E



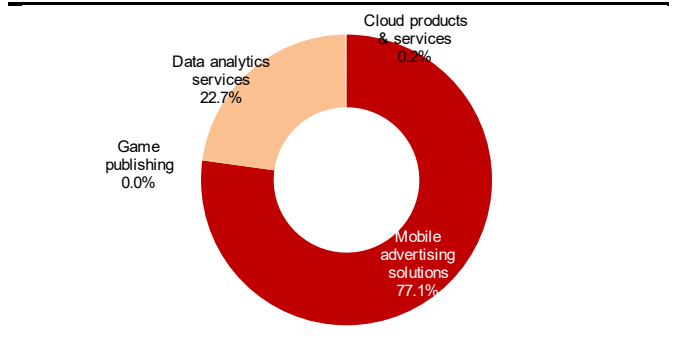
Source: Company data, CMBIS estimates

Figure 4: Mobile ads estimates



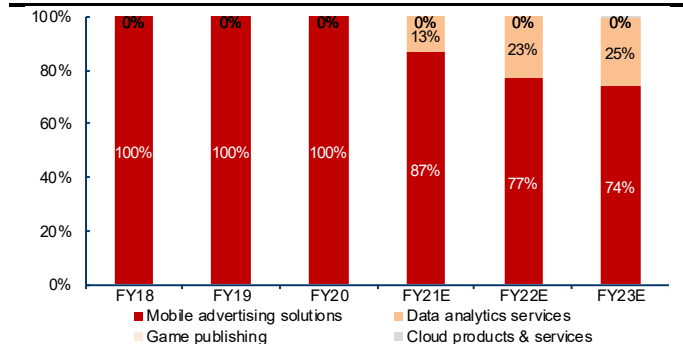
Source: Company data, CMBIS estimates

Figure 5: FY22E revenue breakdown



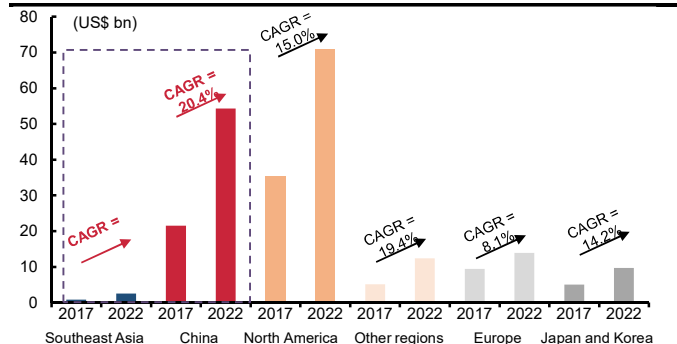
Source: Company data, CMBIS estimates

Figure 6: Rev mix breakdown



Source: Company data, CMBIS estimates

Figure 7: Mobile ad spending geographically



Source: iResearch

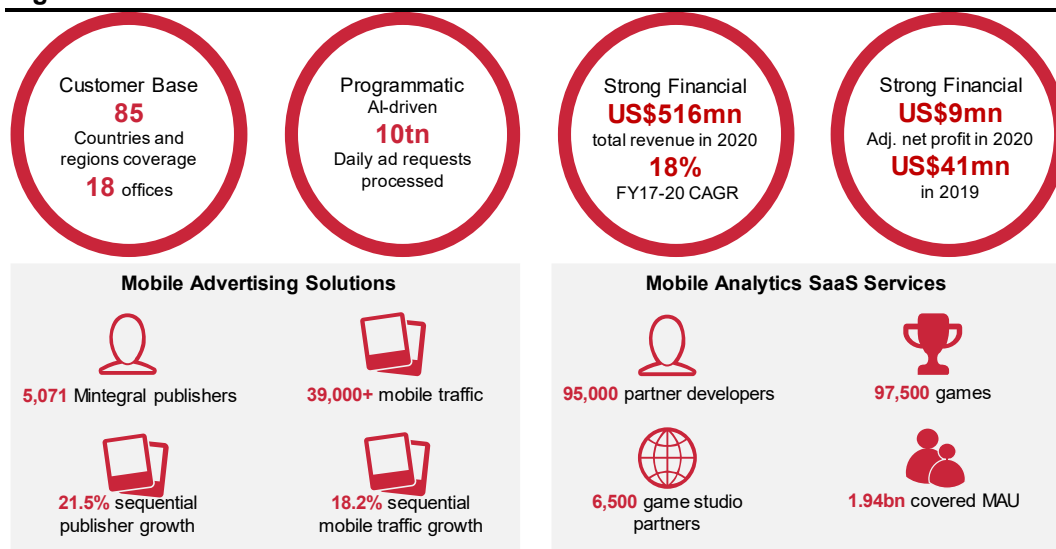
Company Overview

An Adtech leader with a global reach

Top 10 global third-party mobile value discovery platform

Established in 2013, Mobvista is a leading third-party mobile value discovery platform that provides user acquisition, monetization and mobile analytics solutions globally. According to iResearch, Mobvista ranked 1) Top 10 worldwide, Top 2 in Asia, and Top 1 in China in terms of monetization SDK average DAUs in 4Q17, 2) Top 1 third-party ad platform in terms of providing user acquisition solutions to the Top 50 PRC apps (by number of overseas downloads in 2017) during Jan-Apr 2018. Combining strong local services capabilities with an expansive global footprint, Mobvista's customer base covered 85 countries and regions.

Figure 8: Overview of Mobvista's business



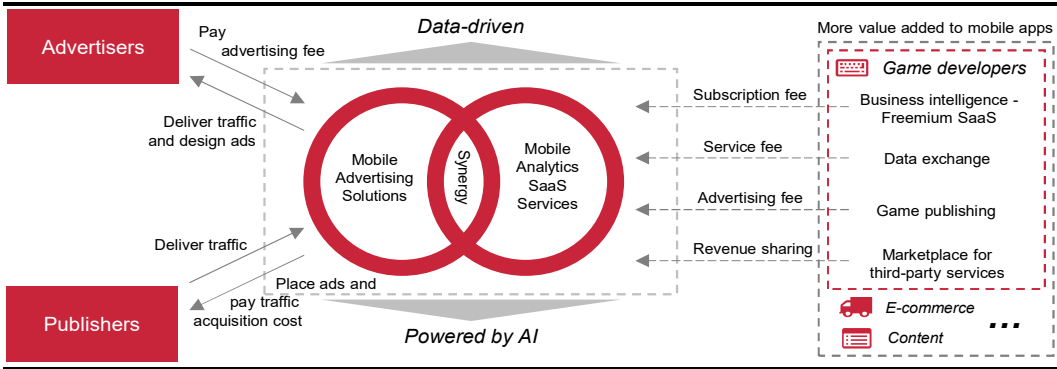
Source: Company data, CMBIS

Note: As of Dec 2020

A dynamic ads ecosystem connecting both sides directly

Mobvista provides user acquisition solutions to advertisers and monetization solutions to media publishers. Both advertisers and publishers are apps, thus fostering a self-reinforcing cycle in the dynamic ads ecosystem. Advertisers with increasing ads spending enable Mobvista to reach more devices and publishers, while publishers contribute larger traffic and data to Mobvista, in turn facilitating advertisers' user acquisition. Mobvista also provides app developers with mobile analytics solutions, which is at an early stage of development.

Figure 9: Mobvista's business model



Source: Company data

With sizable and diverse advertiser and publisher base

Leveraging its first-advantage and global reach, Mobvista has grasped the apps globalization opportunity and rapidly grown sizeable advertiser and publisher base. As of 31 Dec 2020, over 5,071 publishers had integrated its Mintegral SDK (Mobvista's primary way of connecting to programmatic media publishers), cumulatively. Mobvista maintains high quality, multi-tier publisher base across top media, medium-sized media and long-tail media. Thanks to its close relationships and solid ads performance, Mintegral achieved 91.3%/82.3% retention rate in 1H20/2H20. Its fully-fledged ecosystem ensures active interactions between advertisers and publishers, and sustainable growth for Mobvista.

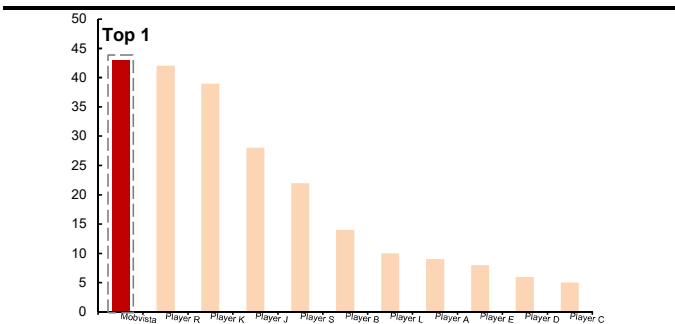
Reyun & GA to create synergies and export SaaS services

Mobvista offers mobile analytics solutions through GameAnalytics (GA) and Reyun, which were acquired in 2016 and 2020, respectively. With Mobvista's expanded SaaS tooling ecosystem, we expect data analytics services to be Mobvista's long-term rev driver.

GA can contribute game-related data to Mobvista and influence its customers' decision on implementing advertising and user acquisition solutions. Taking SaaS peers' monetization model as reference, we think its commercialization may come from: 1) business intelligence; 2) data exchange; 3) game publishing; and 4) marketplace for ad mediation.

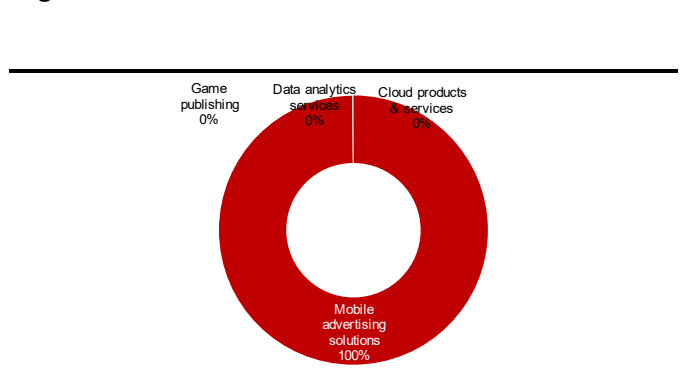
Given Reyun's leading position in domestic market (vs. Mobvista's high exposure in overseas), we expect the recent acquisition deal to 1) strengthen ads targeting given Reyun's richer data & analytics ability; and 2) to bring cross-selling opportunities in SaaS. We expect Reyun to deliver 40% rev CAGR in FY20-23E.

Figure 10: Mobvista is ranked Top 1 by no. of the Top 50 PRC app using its user acquisition service by number of overseas downloads in 2017



Source: Company data, CMBIS

Figure 11: Mobvista's revenue breakdown in FY20



Source: Company data, CMBIS

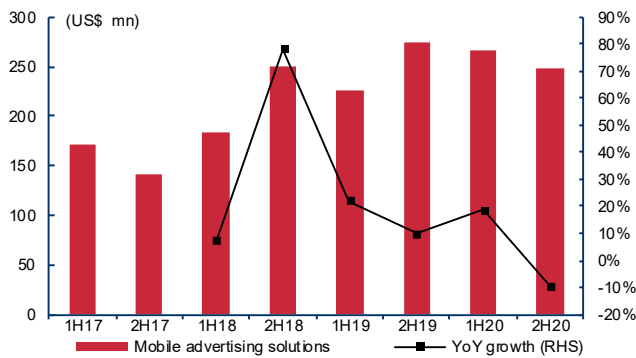
Investment Summary

Moving into strong rebound after headwinds

Mobvista suffered ads challenges in 2H20 (rev -10% YoY), due to security & privacy issue (some publishers and advertises suspended from Mintegral). However, Mintegral saw healthy recovery of publishers and advertises after headwinds. On the one hand, Mobvista saw retention rate of advertisers/ publishers up to 82%/78% by the end of 2020 from 40%/40% in 3Q20. On the other hand, its rev rebounded 80% QoQ in 1Q21, suggesting better-than-expected ads recovery.

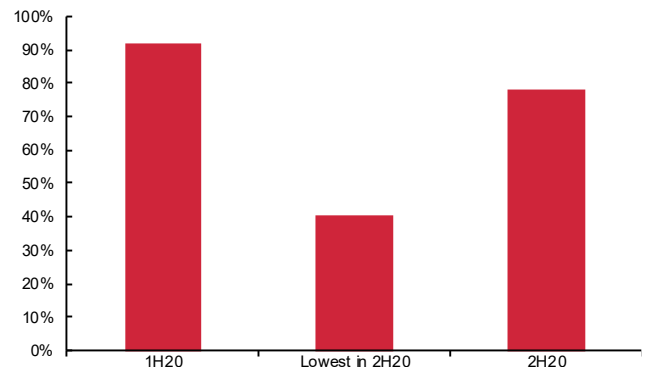
On top of that, Nativex reorganized its structure to cut partial non-programmatic ads in 2020. Nativex rev -40% YoY in 2020, accordingly. After its reorganization and security issue, we expect the recovery trend to continue, and forecast its ads rev +28.6%/20.7% in FY21/22E, coupled with better targeting and richer SaaS ecosystem.

Figure 12: Mobile ad rev dropped YoY in 2H20



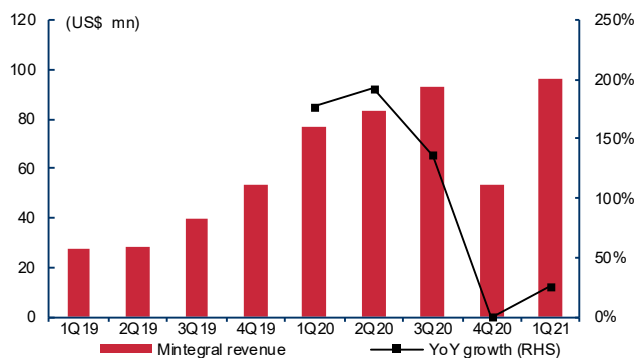
Source: Company data

Figure 13: Traffic publisher retention rate recovered



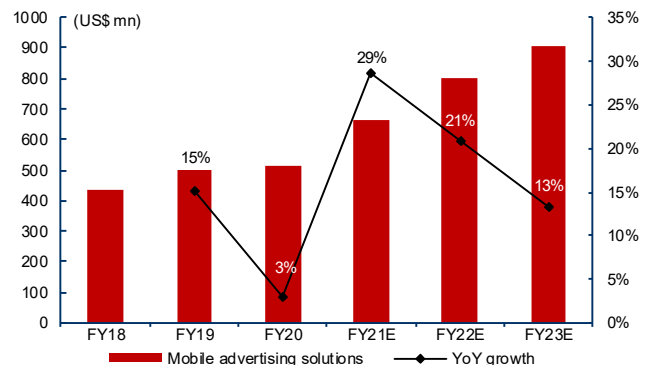
Source: Company data

Figure 14: Mintegral revenue rebounded in 1Q21



Source: Company data

Figure 15: Mobile advertising solutions forecast

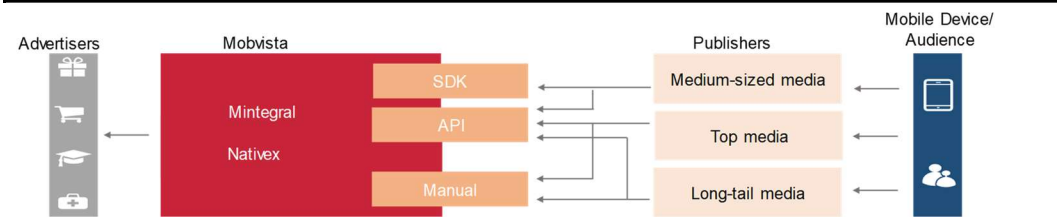


Source: Company data, CMBIS estimates

A highly-interactive ecosystem with sizable app base and data-driven techs

We think Mobvista excels itself with sizable app base and big data analytics. Mobvista has been strategically focusing on programmatic advertising since 2016, which enables it to connect advertisers and publishers effectively and cost-efficiently. As an essential part of Mobvista’s programmatic advertising offerings, Mintegral directly connects advertisers and publishers, so as to 1) eliminate inefficiencies brought by intermediaries; 2) empower advertisers and publishers with data insight; and 3) collect in-depth data to train Mobvista’s AI model.

Figure 16: Programmatic and non-programmatic business



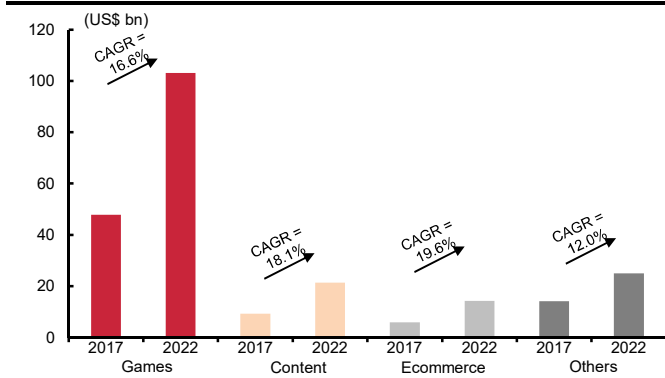
Source: Company data

Well positioned to capture growing opportunities of app globalization

Powered by its strong programmatic ads and big data capability, we expect Mobvista to continuously grasp the wave of app globalization, especially for game, ecommerce and content & social apps.

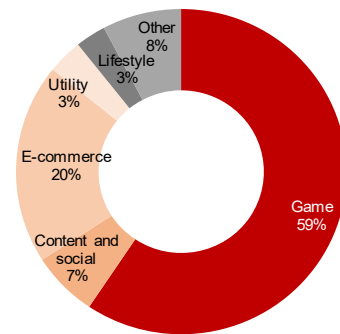
Mobvista has successful track record in serving diverse leading PRC companies amid globalization at their early expansion stages, as well as international companies in both local and global expansions. With a global reach (> 200 countries) and diversified customer base (e.g. games, utility, content, social, ecommerce, etc.), we believe Mobvista is well positioned to step into promising markets and capture new business opportunities.

Figure 17: Expected increase of games, content & ecommerce ad spending



Source: Company data, iResearch

Figure 18: Mobvista's advertiser type mix in FY20



Source: Company data

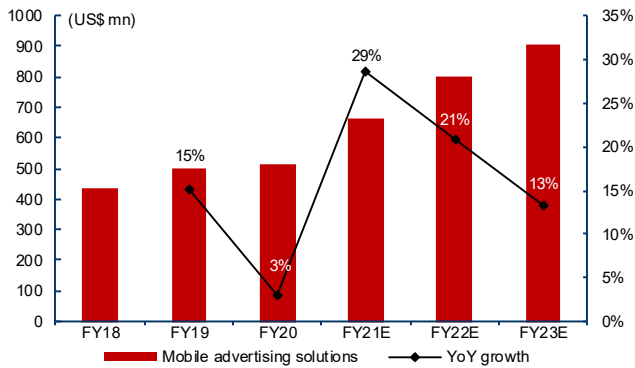
Game, ecommerce and content & social ads expected to be key drivers

We are bullish on ads spending from e-commerce, content & social, and game apps. We expect e-commerce/ content & social/ game ads to deliver 80%/ 50%/ 30% rev growth in FY21E. We see large upside of no. of products for game and e-commerce segments, while content & social products will deliver higher ARPP growth.

Game/ e-commerce rev to grow 30%/ 80% in FY21E. We think no. of game/ecommerce products will increase robustly, because: 1) games have intrinsic needs for aggressive user acquisition due to limited lifecycle, which is further intensified by the fierce competition; and 2) ecommerce giants seek globalization through acquisitions, boosting ads demands from more local ecommerce platforms.

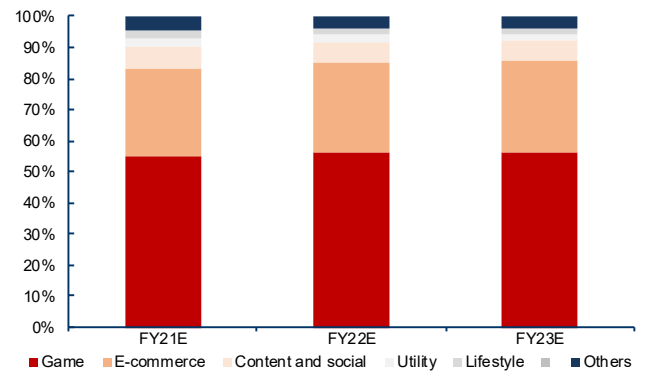
Content & social to recover with 50% FY21E rev growth. We expect ARPP of content and social advertisers to increase sharply due to the prevalence of emerging entertainment apps (e.g. short video). In order to seek broader exposure and gain shares, content & social app developers have increasing demand for precise and customized advertising.

Figure 19: Mobvista's ads estimates



Source: Company data, CMBIS estimates

Figure 20: Ads revenue breakdown

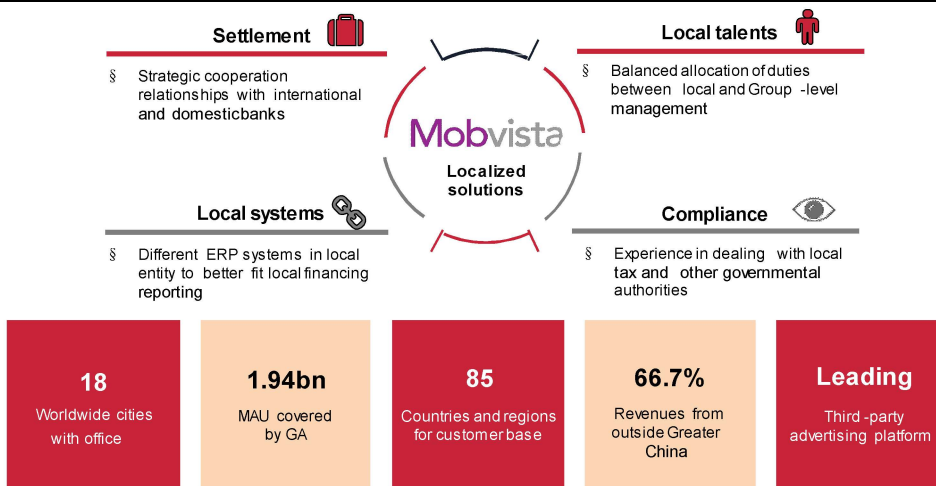


Source: Company data, CMBIS estimates

Empowering “Glocal” operation to expand global footprint

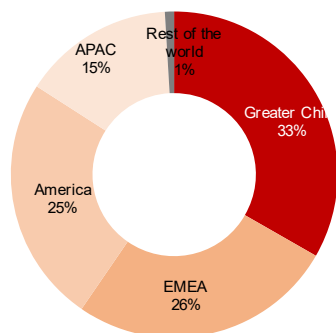
We believe Mobvista has first-mover advantage in “Glocal” operation, after capturing the wave of PRC mobile Internet companies’ expansion globally. Leveraging its cross-jurisdictional know-how, strong support from strategic cooperators internationally and strategic investments (e.g. native, GA), we expect Mobvista to strengthen its local market presence worldwide and continue to create efficiencies within local markets and globally.

Figure 21: Extensive global footprint and strong local service capabilities



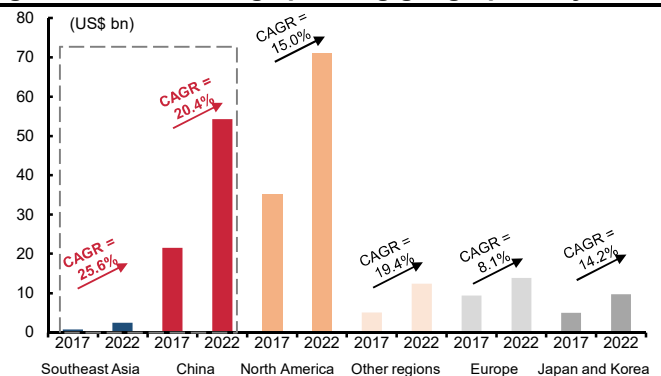
Source: Company data, as of 31 Dec 2020

Figure 22: Mobvista's global distribution in 2020



Source: Company data

Figure 23: Advertising spending geographically



Source: iResearch

Beyond ads: Reyun & GA acquisition to boost SaaS potential

Reyun Acquisition to bring SaaS opportunities

Mobvista acquired Beijing Reyun Technology in Apr 2021, a leading Chinese third-party mobile measurement and marketing technology company. The deal is valued at ~RMB1.5bn in cash & stock. Reyun offers data monitoring and campaign management services by analyzing data from over 700mn active devices every month. It caters to companies in mobile gaming, social networking, finance, ecommerce, education, live broadcasting, life services, and utility, among others.

Based on our estimates, this deal suggests Reyun at 14x/11x FY20/21E P/S, not demanding in our view. Given Reyun’s leading position in domestic market (vs. Mobvista’s high exposure in overseas), we expect this deal to 1) strengthen ads targeting given Reyun’s richer data & analytics ability; and 2) bring cross-selling opportunities in SaaS.

Figure 24: Partners of Reyun



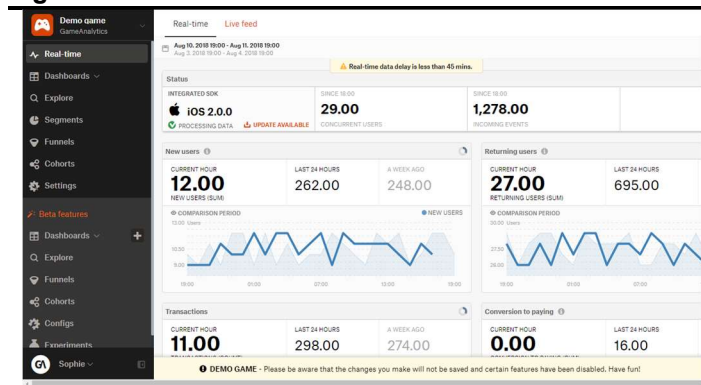
Source: Company website

Synergies with mobile ads solutions from GA

Mobvista acquired GA in 2016 to provide comprehensive game data analytical tools for game developers to optimize the complete lifecycle from acquisition, retention to monetization of each player. In 2020, GA had reached over 1.94bn unique gamers every month. As of 31 Dec 2020, over 95,000 game partners used GA to track game player data, covering more than 97,500 games.

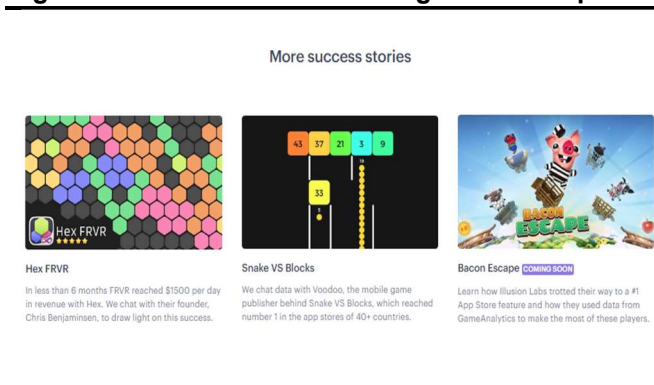
We expect GA to create strong synergies with Mobvista’s advertising solutions, through: 1) contributing game data and data analytics to Mobvista, to better enhance profiling and targeting; 2) identifying high-value player groups and to achieve cross selling; and 3) influencing game developers’ decision-making solutions on ad monetization and user acquisition.

Figure 25: GA-Feature set



Source: go.gameanalytics.com

Figure 26: Success stories with game developers



Source: gameanalytics.com

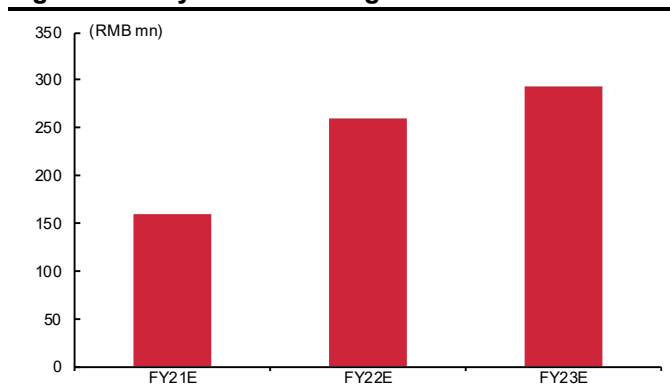
Stepping up monetization via SaaS solutions

Mobvista aims to build a SaaS ecosystem in the long run, backed by product portfolio of GA, Reyun and SpotMax.

In our view, GA is still at an early stage of building a full-fledged revenue model related to adtech export, but we believe it can leverage its broader app coverage, powerful analytics and synergies with Mobvista to monetize its high-volume data and advanced tech capacities.

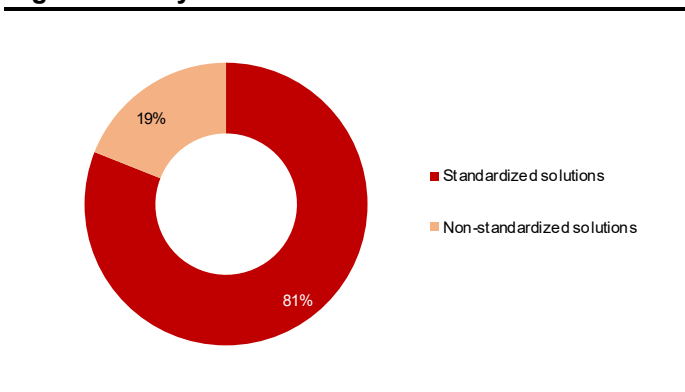
For Reyun, we expect Reyun to deliver 40% rev CAGR in FY20-23E, with rev at RMB160mn/RMB230mn in FY21E/22E. We believe Reyun excels itself with higher mix of standardized solutions (~81%) and high retention rate of paying customers (~82%). Mobvista would step up SaaS monetization, and we expect more synergies to unlock its potential.

Figure 27: Reyun’s revenue growth estimates



Source: CMBIS estimates

Figure 28: Reyun’s revenue breakdown



Source: CMBIS estimates

AI-powered multi-tier architecture to optimize efficiency and enhance ad performance

A virtuous cycle from building on data to monetizing data

We view Mobvista as a data-driven ecosystem, to leverage its data to better identify, reach, analyze and serve its advertisers and publishers by enhancing ads design, pricing and delivery mechanism. Mobvista excels itself in both breadth and depth of data: 1) sizable data collected and cleaned from 1.94bn MAU covered by its GA platform. 2) multi-channel data resources, such as proprietary data (e.g. device-specific information, tracked data, in-depth behavior data on game players) and third-party data voluntarily provided by advertisers and publishers (e.g. post-ad interaction events). We expect Mobvista to integrate GA & Reyun' data set to its current database, further supporting its big data capabilities.

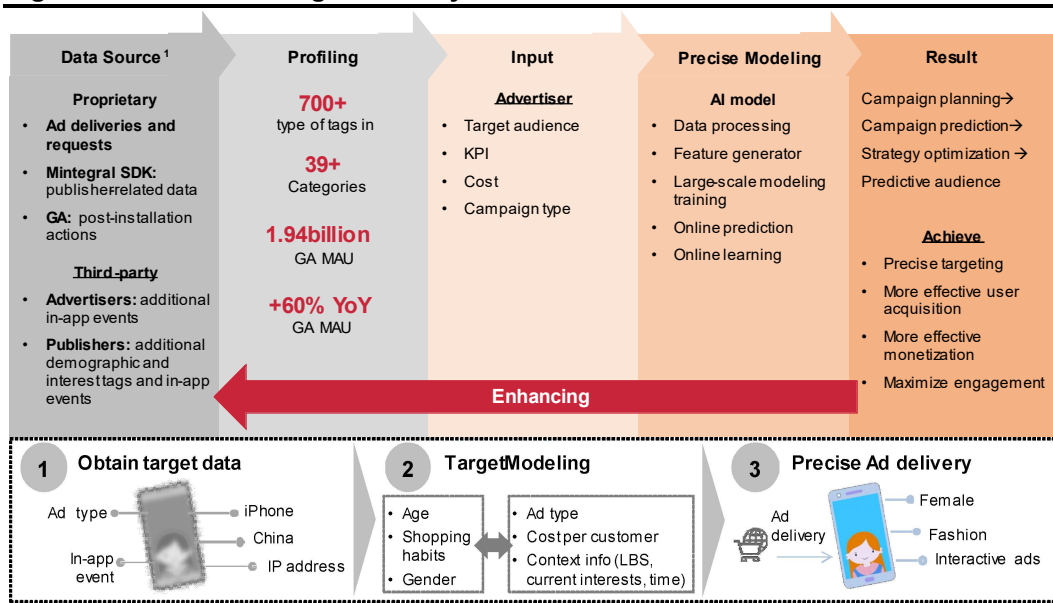
Leveraging AI and machine learning to achieve precise targeting with higher ROI

Mobvista leverages its data capabilities through: 1) 700+ types of tags in 39+ categories applied to each accessed devices to build user profile and enable precise targeting; 2) a machine learning framework testing and improving itself to provide real-time data monitoring; and 3) an experienced AI team led by Dr. Yadong Zhu, who designed the full chain optimization of the mobile Taobao recommendation system for Alibaba. We see high visibility for Mobvista to improve efficiency for publishers and enhance ads performance via its big data and AI capability.

Highly scalable and reliable IT infrastructure

Mobvista's technology capabilities is supported by its microservice, serverless and auto-scaling IT infrastructure. Its system is built on an architecture that: 1) each part operates independently, so Mobvista can react to new business needs by adding new services modules quickly; 2) operates all-in-cloud with cooperation with Amazon Web Services; 3) has an auto-scaling feature to dynamically manage the server cost in line with fluctuating advertising traffic; and 4) secured by multiple layers of security measures, separately located data centers, and disaster recovery and network security capabilities.

Figure 29: Mobvista's big data analytics



Source: Company data, as of 31 Dec 2020

Financial Analysis

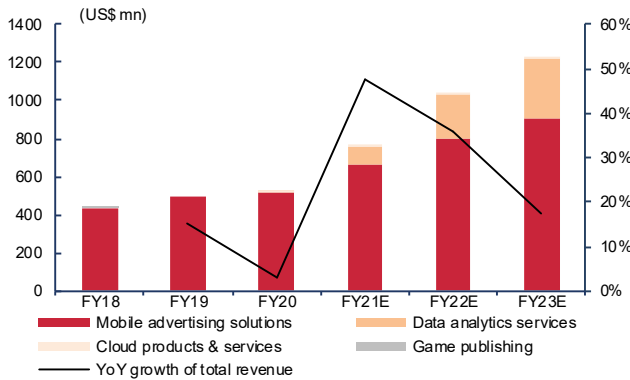
Revenue breakdown

We forecast Mobvista revenue to grow at 48%/36%YoY in FY21/22E, in which mobile advertising solutions will still devote the largest revenue contribution. We expect data analytics services to contribute significantly starting from FY21E with the acquisition of Reyun.

Strong recovery for mobile ads. We forecast Mobvista to deliver 21% mobile ads rev growth in FY20-23E, backed by its healthy recovery of publishers and advertisers and the ongoing demand for app globalization. We expect mobile advertising solutions to contribute 77% of total revenue in FY22E, with Mintegral platform remaining as the primary driver.

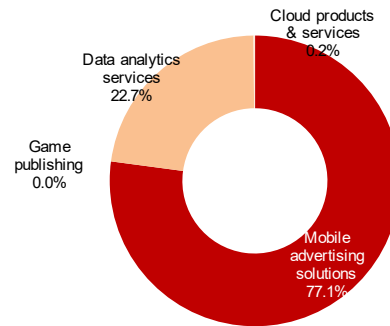
Stepping up data analytics rev with Reyun acquisition. We expect to see significant data analytics contribution from FY21E, backed by Mobvista's product portfolio of GA, Reyun, and SpotMax. We forecast Mobvista's data analytics revenue will account for 13%/23% in FY21/22E, at a CAGR of 721% in FY20-23E.

Figure 30: Revenue growth estimates



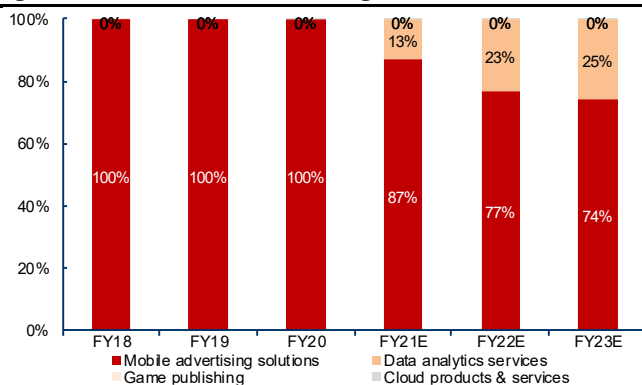
Source: Company data, CMBIS estimates

Figure 31: FY22E revenue breakdown



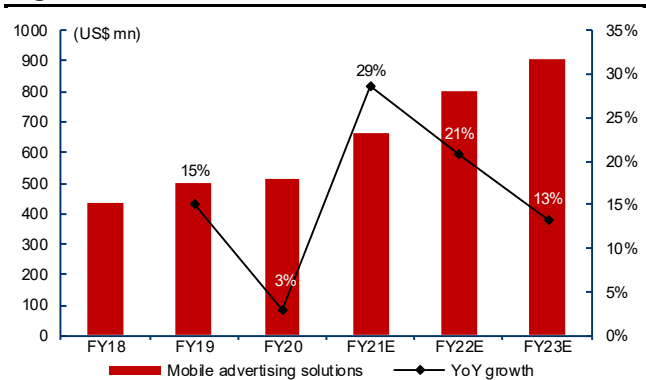
Source: CMBIS estimates

Figure 32: Revenue mix change



Source: Company data, CMBIS estimates

Figure 33: Mobile ads rev forecast



Source: Company data, CMBIS estimates

Income Statement

We forecast 94% adj. net profit CAGR for Mobvista in FY20-23E, mainly driven by 33% revenue CAGR, rebounding gross margin and operating leverage.

Better long-term margin outlook with higher SaaS contribution

We expect blended gross margin to improve to 20.5% in FY22E, primarily driven by higher contribution from data analytics services with the Reyun acquisition.

As Mobvista ramps up its SaaS initiatives, we expect its opex to +1.9ppts YoY in FY22E and stay flat in FY23E, due to a mixed influence of higher data analytics S&M and R&D and G&A operating leverage.

As a result, we forecast adj. net profit to grow 144%/88% YoY in FY21/22E to US\$22mn/US\$41mn, respectively.

Figure 34: Income statement

US\$ mn, Dec-YE	FY18	FY19	FY20	FY21E	FY22E	FY23E
Revenue	435	500	516	762	1,037	1,219
Cost of Sales	(337)	(381)	(434)	(632)	(825)	(950)
Gross profit	98	119	82	130	213	269
Selling and marketing expenses	(8)	(10)	(17)	(27)	(51)	(66)
Research and development expenses	(29)	(35)	(32)	(45)	(66)	(78)
General and administrative expenses	(36)	(51)	(44)	(59)	(80)	(88)
Other net income	2	3	6	2	2	2
Operating profit	27	25	(5)	1	18	40
Finance costs	(1)	(2)	(2)	(2)	(2)	(2)
Profit before taxation	26	23	(7)	(0)	16	38
Income tax	(4)	(1)	2	0	(2)	(5)
Profit for the year	22	22	(5)	(0)	14	34
Profit attributable to owners of the Company	22	22	(5)	(0)	14	34
Non-controlling interests	0	0	0	0	0	0
Adjusted net profit	35	41	9	22	41	65
Margin Analysis						
Gross margin	23%	24%	16%	17.0%	20.5%	22.1%
Operating margin	6%	5%	-1%	0%	2%	3%
Adj. net margin	8%	8%	2%	3%	4%	5%
Growth Analysis						
Revenue	39%	15%	3%	48%	36%	18%
Gross profit	18%	21%	-31%	58%	64%	27%
Operating profit	-12%	-7%	-121%	-126%	1221%	126%
Adj. net profit	NA	16%	-78%	142%	88%	59%

Source: Company data, CMBIS estimates

Balance Sheet

Healthy balance sheet with net cash position in FY21/22/23E

According to our estimates of profit before taxation and change in working capital, Mobvista has strong operating cash inflow in supporting CAPEX in the next three years. Therefore, we believe Mobvista can stay in net cash position in FY21/22/23E. We expect Mobvista to hold US\$42mn/US\$48mn cash and cash equivalent as of 31 Dec of 2021E and 2022E.

Figure 35: Balance Sheet

US\$ mn, Dec-YE	FY18	FY19	FY20	FY21E	FY22E	FY23E
Non-current assets	116	67	102	93	84	73
PP&E	1	9	11	10	8	5
Intangible assets	6	15	43	35	27	19
Goodwill	29	29	29	29	29	29
Deferred tax assets	8	10	15	15	15	15
Available-for-sale investments	71	1	3	3	3	3
Deposits and prepayments	1	3	1	1	1	1
Current assets	290	444	396	631	702	848
Trade receivables and other receivables	221	318	297	529	594	726
Restricted cash	5	5	5	5	5	5
Cash and cash equivalents	65	67	39	42	48	62
Current tax recoverable	0	0	1	1	1	1
Current liabilities	174	239	221	448	495	596
Trade and other payables	152	173	150	377	425	525
Current taxation	5	6	10	10	10	10
Bank loans	17	55	56	56	56	56
Non-current liabilities	1	6	9	9	9	9
Bank loans	0	0	0	0	0	0
Deferred tax liabilities	1	1	2	2	2	2
Total Equity	232	266	268	267	281	315
Minority interest	0	0	0	0	0	0
Equity for common shareholders	232	266	268	267	281	315

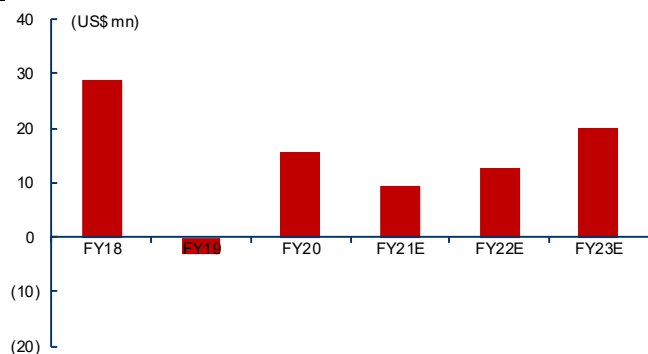
Source: Company data, CMBIS estimates

Cash Flow and Working Capital

Strong operating cash flow

Mobvista recorded strong net operating cash flows of US\$29mn and US\$16mn in FY18 and FY20, respectively, despite the US\$3mn OFC outflow in FY19 due to change in working capital. Given its strong topline growth and improving margins, we expect Mobvista to maintain strong OCF trend and record US\$10mn/ US\$13mn/ US\$20mn of OCF in FY21/22/23E, respectively.

Figure 36: Operating cash flow projections



Source: Company data, CMBIS estimates

Figure 37: Cash flow and working capital analysis

US\$ mn, Dec-YE	FY18	FY19	FY20	FY21E	FY22E	FY23E
Cash Flow						
Profit before taxation	26	23	(7)	(0)	16	38
Depreciation and amortization	3	8	13	14	15	16
Change in working capital	(132)	(63)	(7)	(6)	(18)	(31)
Others	132	28	17	2	(0)	(3)
Operating cash flow	29	(3)	16	10	13	20
CAPEX	(1)	(0)	(0)	(5)	(5)	(5)
Others	(143)	(12)	(29)	0	0	0
Investing cash flow	(143)	(12)	(30)	(5)	(5)	(5)
Proceeds from bank loans	78	140	218	0	0	0
Repayment of bank loans	(70)	(102)	(217)	0	0	0
Others	128	(21)	(15)	(2)	(2)	(2)
Financing cash flow	136	17	(14)	(2)	(2)	(2)
Cash at period end	65	67	39	42	48	62

Source: Company data, CMBIS estimates

Valuation

Investment Thesis

We resume coverage with BUY with DCF-based TP of **HK\$11.1**, implying 2.9x/2.1x/1.8x P/S or 100x/54x/34x P/E in FY21/22/23E. We keep bullish on its growth potential from ad recovery, app globalization, and data analytics expansion. Mobvista's positive price and catalysts could originate from: 1) client network expansion; 2) potential solid earnings results and strong topline growth; and 3) data analytics initiatives.

Resume coverage with BUY

We use DCF valuation as our primary method since it is suitable to apply DCF valuation to internet companies with healthy cash flows in the long run. Assuming a WACC of 14.8% and a terminal growth rate of 3%, our estimate TP is **HK\$11.1**, representing 2.9x/2.1x/1.8x P/S or 100x/54x/34x P/E in FY21/22/23E.

Figure 38: DCF valuation

DCF Valuation (US\$ mn)										
	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	1	18	40	79	141	229	344	482	637	801
Tax	0	(2)	(5)	(12)	(21)	(34)	(52)	(72)	(96)	(120)
D&A	14	15	16	17	19	20	22	23	25	27
Change in working capital	(6)	(18)	(31)	(33)	(34)	(36)	(38)	(40)	(42)	(44)
CAPEX	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
FCF	5	8	15	46	99	174	271	388	520	659
FCF Growth		76%	90%	209%	112%	76%	56%	43%	34%	27%
PV	4	6	10	27	50	76	103	129	150	1,611
Terminal Value										5,751

Assumptions

WACC	14.8%
Tax rate	12.0%
Risk free rate	4.0%
Beta	1.20
Market risk return	13.0%
Cost of equity	14.8%
Debt/Assets	0.0%
Long term growth	3.0%
Debt	0

Equity Value

PV	2,165
minus: Net debt(US\$ mn)	(42)
minus: Minority interest(US\$ mn)	0
Equity Value(US\$ mn)	2,207
FX	7.8
Equity Value(HK\$ mn)	17,103
No. of shares (mn)	1,536.9
Target Price (HK\$) based on DCF	11.1

		WACC				
		13%	14%	15%	16%	17%
Terminal growth rate	1.5%	13.0	11.3	10.2	8.8	7.9
	2.0%	13.4	11.7	10.5	9.1	8.0
	2.5%	13.9	12.0	10.8	9.3	8.2
	3.0%	14.4	12.4	11.1	9.5	8.4
	4.0%	15.6	13.4	11.9	10.1	8.9
	4.5%	16.4	13.9	12.3	10.4	9.1
	4.5%	16.4	13.9	12.3	10.4	9.1

Source: Bloomberg, CMBIS estimates

Peers Comparison

As for cross-check, we selected four 1P advertising companies and seven 3P advertising companies as comps for peer comparison. Actually, we noticed that 3P players (e.g., QuinStreet, Weimob) delivered higher valuation than traditional 1P advertising platforms, for its strong-stickiness subscription model and higher earnings CAGR.

Among 3P peers, Unity, Applovin, and Trade Desk could be the most comparable one, in our view, due to its focus on adtech, comparable revenue scale, and global reach. As such, we think it is not demanding to apply 100x/54x/34x FY21/22/23E P/E, or 2.9x/2.1x/1.8x P/S on Mobvista, compared with Trade Desk, given its higher earnings growth and SaaS initiatives.

Figure 39: Peers valuation

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS			EV/EBITDA			EPS CAGR
							FY0	FY1	FY2	FY0	FY1	FY2	FY0	FY1	FY2	
Mobvista	1860 HK	1,650	HKD	8	BUY	11	60.4	41.1	28.5	2.9	2.6	2.3	102.2	56.4	34.3	46%
Advertising (1P)																
Facebook	FB US	932,102	USD	329	NA	NA	22.8	19.7	17.1	8.0	6.7	5.7	14.2	12.1	10.2	15%
Baidu	BIDU US	69,402	USD	196	BUY	336	19.4	16.8	13.6	3.4	3.0	2.6	12.7	10.8	8.8	19%
Weibo	WB US	11,584	USD	51	NA	NA	20.0	17.0	14.9	5.5	4.9	4.5	16.5	13.7	11.7	16%
Cheetah Mobile	CMCM US	317	USD	2	NA	NA	7.5	12.2	8.2	2.4	2.0	1.6	NA	NA	NA	-5%
Average							17.4	16.4	13.5	4.9	4.2	3.6	14.5	12.2	10.2	12%
Advertising (3P)																
Unity Software	U US	26,394	USD	94	NA	NA	NA	NA	1004.9	26.3	20.7	16.2	NA	2585.6	189.6	NA
Applovin	APP US	27,099	USD	74	NA	NA	211.1	96.4	65.5	10.1	8.3	6.8	41.8	31.0	24.0	80%
Trade Desk	TTD US	27,982	USD	588	NA	NA	102.6	82.8	64.8	24.6	19.1	15.1	68.1	51.6	40.4	26%
QuinStreet	QNST US	971	USD	18	NA	NA	30.9	28.8	21.9	1.7	1.6	1.4	17.3	14.7	11.3	19%
iClick	ICLK US	1,062	USD	11	NA	NA	92.4	32.8	20.8	3.2	2.5	2.0	61.1	22.7	16.2	111%
Weimob	2013 HK	5,255	HKD	18	NA	NA	241.0	131.2	51.6	11.8	8.8	6.8	102.5	52.4	28.6	116%
China Youzan	8083 HK	3,715	HKD	2	NA	NA	NA	NA	NA	9.8	6.6	4.5	NA	NA	262.3	NA
Joy Spreader	6988 HK	777	HKD	3	NA	NA	14.3	9.3	6.5	3.5	2.4	1.8	10.7	6.5	4.3	49%
Duiba	1753 HK	276	HKD	2	BUY	4.1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Average							96.3	63.6	38.5	11.4	8.8	6.8	50.2	29.8	20.8	67%
Total Average							61.1	44.4	28.5	8.7	6.9	5.5	44.7	27.2	19.0	45%

Source: Bloomberg

Note: Data updated by 1 Jun 2021. Unity Software and Applovin are excluded from average calculation as outliers.

Key investment risks

Uncertainty in future business prospects due to limited operating history

Mobvista launched its mobile advertising platform in China in 2013 and subsequently experienced rapid growth. The Company expects the expansion of its business to continue, but its historical growth rate may not be indicative of its future performance due to the limited operating history. Mobvista may be more susceptible to certain risks than a company with a longer operating history in a different industry.

Disturbance to advertising business if failing to expand both advertisers and publishers

Although Mobvista generates its revenues almost entirely from advertising solutions, its business model requires them to retain and attract both advertisers and publishers. As Mobvista's advertisers and publishers are typically not bound by long-term contracts, they may reduce or discontinue the cooperation when they are no longer satisfied with Mobvista's services. The Company needs to provide increasingly precise, targeted advertising solutions to attract advertisers, and continuously improve the monetization efficiency to attract publishers. Furthermore, publishers may place restrictions on the use of their inventories by prohibiting the placement of ads on behalf of specific advertisers. If the Company fails to retain and expand the advertisers, publishers, or access to publishers' inventories, its performance will be negatively impacted.

Uncertainty in future growth rate of the mobile advertising industry

As Mobvista derives all of its revenues substantially from mobile advertising industry, its business and prospects highly hinge on the industry's continuing development. However, this cannot be assured because the mobile advertising industry is affected by a number of factors beyond Mobvista's control, including technological innovation, emergence of alternatives, change in regulations, and the growth of the Internet industry in general.

Uncertainty on revenue and profitability due to increasing cost

Mobvista relies on the supply of ad inventories from its publishers to deliver ads for its advertisers. Its traffic acquisition costs were US\$136.3mn, US\$193.2mn, and US\$215.5mn in Dec 2015, 2016, and 2017, accounting for 94.4%, 89.9% and 93.7% of the costs of sales each year, respectively. In addition, Mobvista expended significant resources to grow its business by enhancing its technology, growing the number of its employees, and expanding internationally. Specifically, costs related to its IT infrastructure have accounted for an increasing amount of its total costs of sales. Furthermore, continued growth is anticipated to require substantial financial and other resources. If Mobvista fails to effectively manage its costs, the Company may not be able to sustain profitability.

Potential loss of advertisers, publishers, or mobile analytics users due to competition

Mobvista competes with other third-party mobile advertising platforms, major mobile media that directly offer ad inventories to advertisers, and mobile analytics solutions providers. As the demand for mobile advertising and mobile analytics solutions continues to increase, new competitors are expected to enter these markets and existing competitors are expected to allocate additional resources to these markets. New and increased competition is likely to result in price reduction, reduced margins, or a loss of Mobvista's market leading position, thus adversely affect its business.

Potential noncompliance due to uncertainty in related PRC and foreign laws

The laws and regulations on the mobile advertising, mobile analytics, and Internet-related business, and the licensing and permit requirements pertaining to companies in these areas are relatively new and evolving. The interpretation and enforcement of these laws and regulations also involve significant uncertainties. There can be no assurance that Mobvista has obtained all the permits or license required for conducting its business in all jurisdictions where it operates, or will be able to maintain its licenses or obtain new ones.

Increased business risk due to international operations and expansions

Mobvista has international operations and plans to continue expanding its operations abroad where it has limited or no operating experience. As of 31 Dec 2107, Mobvista had 12 offices globally in countries including China, the US, the UK, the Netherlands, Denmark, Japan, Singapore, and India, serving companies in over 200 countries. The global business strategy may subject Mobvista to increased business and economic risks. If Mobvista is unable to manage the complexity of its global operations and expand its global reach successfully, its financial results could be adversely affected.

Potential disruption due to misappropriation or misuse of privacy information

Mobvista collects device-specific data, which include device ID, IP address and behavior data, but does not collect or store personal data such as the audience's legal name and personal ID number. As such, Mobvista's targeting is technically device-based and is not associated with the actual user of such device. Although Mobvista observes security measures throughout its operations and limit access to such information, it cannot be assured that Mobvista will be able to prevent unauthorized individual from gaining access to these database servers. Any unauthorized access or abuse of Mobvista's servers may materially and adversely affect its business and results of operations.

Appendix 1: Regulations

The highly regulated internet content in China

According to the Administrative Measures on Internet Information Services (《互联网咨询服务管理办法》) (“Internet Measures”) amended in Jan 2011, the PRC government may shut down the websites of internet information providers if they produce, reproduce, disseminate or broadcast internet content that is prohibited by law or administrative regulations. Internet information services providers are also required to remove any such content from their websites, save the relevant records and report to the governmental authorities.

According to the PRC Tort Liability Law (《中华人民共和国侵权责任法》), which became effective in Jul 2010, internet information service providers shall bear liabilities if they infringe upon other person’s rights and interests due to providing wrong or inaccurate content through the internet. Where an internet service provider knows that an internet user is infringing upon other persons’ rights and interests through its internet service but fails to take necessary actions, it is jointly and severally liable with the internet user.

Strict data protection polices in China and overseas regions

According to the Decisions on Maintaining Internet Security, which was enacted in Dec 2000 and amended in Aug 2009, violators is subject to criminal punishment for 1) false publicity; 2) damaging commercial goodwill; 3) infringing intellectual property; 4) spreading false information related to financial order; 5) creating pornographic contents.

Pursuant to Administrative Measures for the Security Protection of Computer Information Networks Linked to the Internet (《计算机信息网络国际联网安全保护管理办法》) revised in Jan 2011, the Internet is prohibited to be used in a way which results in a leakage of state secrets or a spread of socially destabilizing content. The Technical Measures for the Protection of the Security of the Internet (《互联网安全保护技术措施规定》) promulgated in Mar 2006 requires internet service providers to take proper measures including anti-virus, data back-up and other related measures, to keep records of certain user information for at least 60 days, and to detect illegal information, stop transmission of such information, and keep relevant records.

The Decision on Strengthening Network Information Protection (《关于加强网路咨询保护的決定》) promulgated in Dec 2012, the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《电信和互联网使用者个人资讯保护規定》) promulgated in Jul 2013, the Cyber Security Law of the PRC (《中华人民共和国网路安全法》) published in Nov 2016, and the Security Review of Network Products and Services (for Trial Implementation) (《网路产品和服务安全审查办法(试行)》) issued in Jun 2017 jointly require internet use to protect personal information from unauthorized disclosures.

Furthermore, the General Data Protection Regulation (“GDPR”) adopted by the EU in Apr 2016 strengthened and unified data protection for all individuals within the EU. The GDPR applies for companies established in the EU or process personal data of individuals in the EU. The Company has implemented specific measures to comply with GDPR, including retaining external counsel for GDPR compliance.

Regulations on advertising business

According to the Advertising Law of the PRC (《中华人民共和国广告法》) promulgated in Oct 1994, advertising operators and advertisement publishers shall examine the relevant certification documents and verify the contents of advertisements in accordance with laws and regulations. If advertising operators know or should have known the content of the advertisement is false or deceptive but still provide services in connection with the advertisements, they might be subject to penalties including confiscation or revenues and fines, or suspension or revocation of business licenses.

Pursuant to the Interim Measures for the Administration of Internet Advertising (《互联网广告管理暂行办法》), advertisements published or distributed via the internet shall not interfere with users' normal use of the internet. For example, advertisements published on web page pop-up windows or in other forms shall be clearly marked with a "close" sign to ensure a "Click to Close". No entity or individual may induce users to click on the contents of an advertisement through deception. An internet advertisement publisher or advertising operator shall verify related supporting documents and check the contents of the advertisement.

Appendix 2: Company background

Mobvista is a leading global third-party mobile value discovery platform that provides global app developers with user acquisition, monetization, and mobile analytics solutions. According to iResearch, Mobvista ranked among the Top10 worldwide, Top2 in Asia, and Top1 in China in terms of monetization SDK average DAUs in 4Q17, and it is the largest third-party advertising platform in terms of providing user acquisition solutions to the Top50 PRC apps by number of overseas downloads in 2017 during Jan~Apr-18.

Mobvista provides user acquisition solutions to developers as advertisers to help them discover new users through precise audience targeting and cost-efficient advertising, and provides monetization solutions to apps as media publishers to help them discover advertising budgets and the suitable types of advertising content for its users. Mobvista also helps app developers discover new user value, and collects and analyzes massive amount of device data. The provision of user acquisition solutions generated substantially all of Mobvista's revenues during the Track Record Period, and the monetization and mobile analytics solutions are also critical to its ecosystem and continued growth.

Figure 40: Key milestones

Year	Event
Mar-13	The company's mobile advertising business operations commenced through its predecessor operating entities The company's mobile advertising solutions operating platform was launched
Nov-14 to Jan-15	In anticipation of the planned offshore financing activities, the company adopted an offshore red-chip holding structure and migrated its businesses conducted through its predecessor operating entities to its current group structure The company introduced NetEase (Hong Kong) Limited at an offshore level as its private equity investor
May-Jul-15	For purposes of enabling our listing on NEEQ, the company unwound its offshore holding structure and adopted a PRC onshore holding structure with Guangzhou Mobvista as its onshore holding vehicle The company completed two rounds of onshore private equity financing
Jul-15	The company launched Mintegral, its integrated proprietary platform for programmatic mobile advertising
Nov-15	The company completed the listing of Guangzhou Mobvista on NEEQ
Mar-16	The company acquired nativeX, LLC, a U.S.-based company that operates a native advertising platform
Aug-16	The company acquired Game Analytics ApS, a Denmark-based company that operates a SaaS game data analytics platform for game developers
Apr-Aug-18	The company underwent the Reorganization in preparation of the [REDACTED]. The company spun-off its core subsidiaries and operations into its current Cayman Islands [REDACTED] vehicle, a wholly owned subsidiary of Guangzhou Mobvista

Source: Company

Figure 41: Awards and recognition

Year	Award/Recognition	Awarding Institution/Authority
2016	2016 Guangzhou Enterprise Research and Development Institution	Guangzhou Science and Technology Innovation Committee
Nov-16	Leading Entrepreneurship Talent (in recognition of Mr. DUAN Wei)	Chinese Communist Party Committee of Tianhe District of Guangzhou and Tianhe District Government
Nov-17	2017 "Tianfu" Award - Top Mobile Game Marketing Platform	The Sixth Global Mobile Game Confederation (GMGC) Conference
Nov-17	2016 Guangzhou Leading Innovative Enterprise	Guangzhou Municipal Government
Dec-17	2017 "Lingmou" Award - Top Ten Influential Service Platform Going Overseas	2017 Global Mobile Marketing Summit (MS2017)
Apr-17	2017 Best Mobile Marketing Company	The 3rd Global Mobile Marketing Summit (WMMS)
Jan-18	2017 Guangdong "Unicorn" Innovative Enterprise	Guangzhou Technology Innovation Enterprise Association
Apr-18	2017 Guangdong High-tech Enterprise Guangdong	Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, State Tax Bureau of Guangdong Province and Local Tax Bureau of Guangdong Province

Source: Company

Figure 42: Management profile

Name	Age	Position	Roles and Responsibilities	Date of appointment
Mr. DUAN Wei (段威)	35	Executive Director and chairman of the Board	Overall strategic planning and business direction of the Group and chairman of the Company's nomination committee	Apr-18
Mr. CAO Xiaohuan (曹晓欢)	35	Executive Director	Overall management of the operations of the Group and a member of the Company's remuneration committee	Apr-18
Mr. FANG Zikai (方子恺)	36	Executive Director	Product research and management of advertising business line of the Group	Jun-18
Mr. SONG Xiaofei (宋笑飞)	34	Executive Director	Overall financial management	Mar-21
Mr. WONG Tak-Wai (黄德炜)	44	Non-executive Director	Non-executive director	Feb-21
Mr. YING Lei (应雷)	51	Independent non-executive Director	Providing independent advice and judgment	Oct-18
Mr. HU Jie (胡杰)	45	Independent non-executive Director	Providing independent advice and judgment	Oct-18
Mr. SUN Hongbin (孙洪斌)	45	Independent non-executive Director	Providing independent advice and judgment	Jul-20

Source: Company, as of 31 Dec 2020

Figure 43: Full-time employees breakdown

Function	Number of employees	% of total
Research and development	312	46.6%
Others	358	53.4%
Total	670	100%

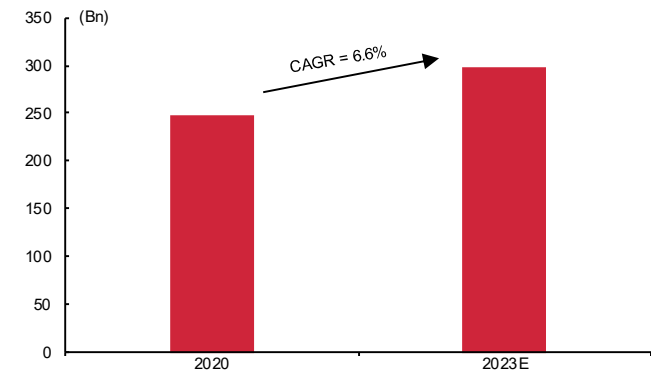
Source: Company, as of 31 Dec 2020

Appendix 3: Industry Analysis

Riding on growing ad demand for app development

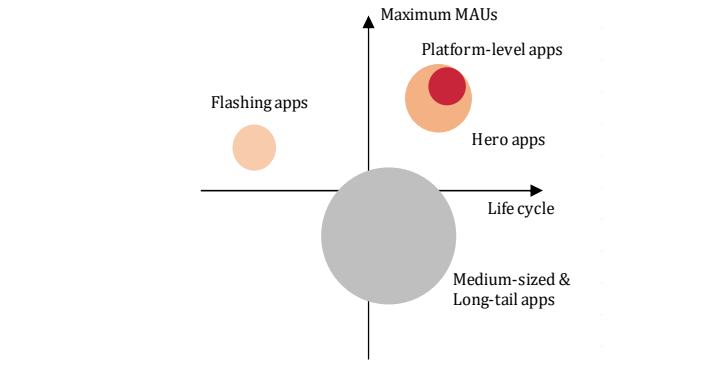
Due to the proliferation of mobile Internet, the global app downloads reached 247bn in 2020, and is expected to further increase at a CAGR of 6.6% in 2020-23E, according to Statista. The favorable app development landscape and fierce competition drive up demand for precise advertising and mobile analytics services. Particularly, hero apps, medium-sized and long-tail apps need advertising platforms to help in user acquisition and monetization.

Figure 44: Number of apps worldwide, 2020-23E



Source: Statista

Figure 45: Quantity of different types of apps

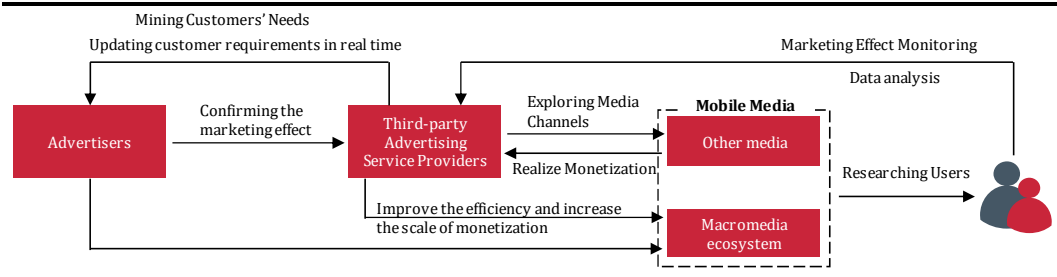


Source: iResearch

Significant role of third-party advertising service in mobile advertising

Third-party advertising service providers enhance their value in mobile advertising ecosystem by: 1) connecting advertisers to a wide variety of mobile media; 2) offering tools and services to deliver ads in different formats; and 3) leveraging data analytics to improve profiling and targeting.

Figure 46: The participants of mobile advertising

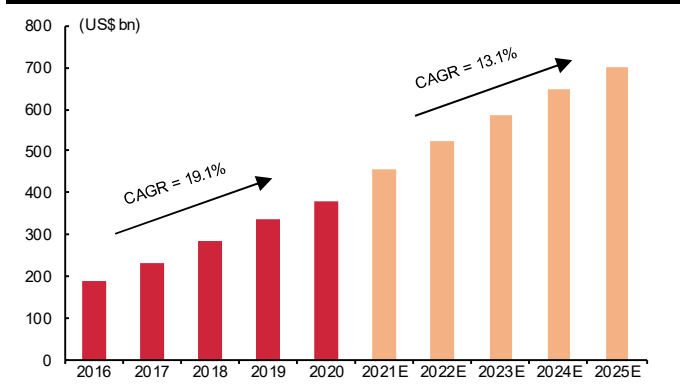


Source: iResearch

Digital advertising: a US\$378bn market with CAGR of 13% in 2020-25E

The mobile advertising market has shown great growth potential with macro recovery and increasing online penetration. According to eMarketer, global digital ad spending delivered 19.1% CAGR in 2016-20 and is expected to grow at 13.1% CAGR in 2020-25E. We expect the digital ad market to outpace the expansion of media ad market as a whole, and app developers to dominate mobile ad spending with their user acquisition needs.

Figure 47: Global digital ad spending, 2016-25E



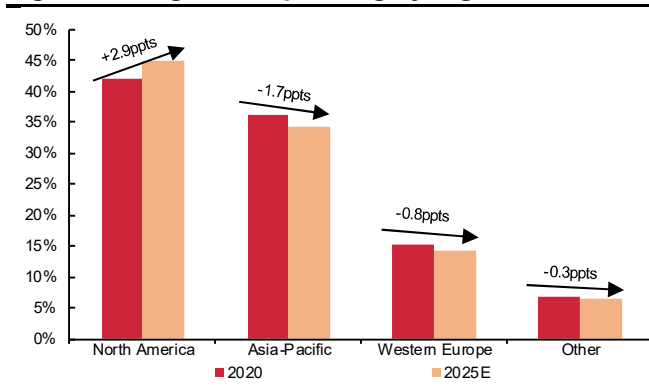
Source: eMarketer

Highly competitive and fragmented mobile advertising market

The mobile advertising market is highly fragmented due to its non-exclusive nature, as one app developer can use multiple advertising platforms' services simultaneously for better user acquisition result. Mobile advertising platforms compete to establish long-term relationships with advertisers, and the effective way of doing so is to directly connect with apps through SDK integration because of switch costs and app size constraints.

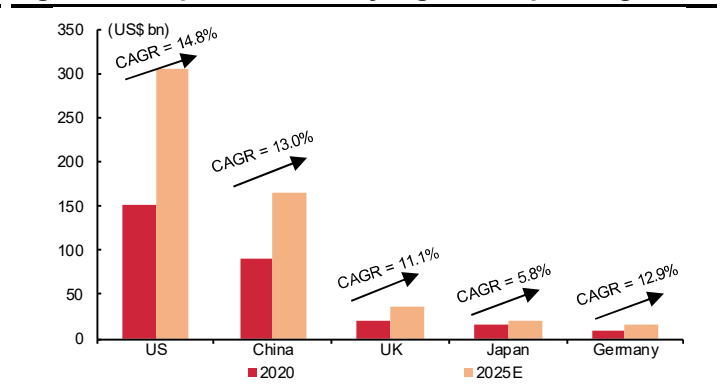
Geographically, North America and Asia Pacific are the two largest regions in terms of digital ad spending in 2020, according to eMarketer. North America is expected to gain 2.9ppts share in 2020-25E, while Asia-Pacific's contribution would decrease by 1.7ppts to 34.4% in 2025E (2020: 36.1%). China is still expected to deliver a strong CAGR of 13.0% in 2020-23E, remaining as the second largest country in ad spending after the US.

Figure 48: Digital ad spending by region, 2020-23E



Source: eMarketer

Figure 49: Top 5 countries by digital ad spending



Source: eMarketer

Trends of mobile app advertising

Amidst its rapid expansion, the mobile app advertising industry is undergoing structural changes in terms of purchasing types, advertisers' business, and geography.

- 1. Increasing popularity for programmatic advertising** as it matches advertisers and media more efficiently and effectively. According to iResearch, spending on programmatic advertising is expected to increase at a CAGR of 20.4% during 2017-22E, accounting for 42.2% of total mobile advertising spending in 2022E.
- 2. Robust growth in game, content, and ecommerce mobile advertising** at a CAGR of 16.6%, 18.1%, 19.6% during 2017-22E, according to iResearch. Games and content advertising is driven by high demand for rapid user acquisition in such industries, while ecommerce advertising is driven by the globalization of leading ecommerce platforms.
- 3. China and SEA see the fastest growth.** Geographically, North American app developers spend most on advertising, while China and SEA's mobile advertising spending is expected to grow significantly with the development of infrastructure and local mobile app industry.

Fairly high entry barriers for the global mobile advertising market

According to iResearch, the global mobile advertising market has fairly high entry barriers, as shown in the figure below.

Figure 50: 5 major barriers in the global mobile advertising market

Barrier	Explanation
Scale effect	Large advertising platforms have network effects and can accumulate huge amounts of user and device data.
Technology barriers	AI and big data analysis technology and reliable technology infrastructure are essential.
Data barriers	Big data enables better profiling, precise targeting, and creation of new types of data-based solutions.
Talent barriers	Talents with extensive technology background and in-depth understandings of local markets are required.
Capital barriers	Large capital investments are required to establish localized teams and build proprietary platforms.

Source: iResearch

Mobile analytics services: new but with great potential

Mobile analytics services help app developers to collect, monitor, track, and analyze data through SDK integration. The demand for mobile analytics services is mainly driven by the rise of global industry, as many small or indie game developers lack the resources to conduct data analytics on their own. Moreover, games typically require specialized data analytics to understand features like game design, player progression, and in-game economies. According to iResearch, only a few of the over 30 iOS-focused and 50 Android-focused data analytics platforms provide game-focused solutions. This results in great growth potential for game-focused data analytics platforms.

Financial Summary

Income statement

YE 31 Dec (US\$ mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	500	516	762	1,037	1,219
Mobile advertising	500	515	663	800	907
Game publishing	-	-	-	-	-
Data analytics services	-	1	99	236	310
Cloud products & services	-	0	1	2	2
Cost of revenue	(381)	(434)	(632)	(825)	(950)
Gross profit	119	82	130	213	269
S&M	(10)	(17)	(27)	(51)	(66)
R&D	(35)	(32)	(45)	(66)	(78)
G&A	(5)	(4)	(6)	(8)	(9)
Other net income	3	6	2	2	2
Operating profit	23	(7)	(0)	16	38
Interest income	2	2	0	0	0
Finance costs	(2)	(2)	(2)	(2)	(2)
Pre-tax profit	23	(7)	(0)	16	38
Tax	(1)	2	0	(2)	(5)
Profit for the year	22	(5)	(0)	14	34
Minority interest	-	-	-	-	-
Net profit	22	(5)	(0)	14	34
Adj. net income	41	9	22	41	65

Cash flow summary

YE 31 Dec (US\$ mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Profit before taxation	23	(7)	(0)	16	38
Depreciation and amortization	8	13	14	15	16
Change in working capital	(63)	(7)	(6)	(18)	(31)
Others	28	17	2	(0)	(3)
Operating CF	(3)	16	10	13	20
Capex	(0)	(0)	(5)	(5)	(5)
Other	(12)	(29)	0	0	0
Investing CF	(12)	(30)	(5)	(5)	(5)
Proceeds from bank loans	140	218	-	-	-
Repayment of bank loans	(102)	(217)	-	-	-
Others	(21)	(15)	(2)	(2)	(2)
Financing CF	17	(14)	(2)	(2)	(2)
Net change in cash	2	(28)	3	6	13
Cash (beg of yr)	65	67	39	42	48
FX	1	0	-	-	-
Cash (end of yr)	67	39	42	48	62

Balance sheet

YE 31 Dec (US\$ mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Non-current assets	67	102	93	84	73
PP&E	9	11	10	8	5
Intangible assets	15	43	35	27	19
Goodwill	29	29	29	29	29
Deferred tax assets	10	15	15	15	15
Investments	1	3	3	3	3
Deposits & prepayments	3	1	1	1	1
Current assets	444	396	631	702	848
Receivables	318	297	529	594	726
Restricted cash	5	5	5	5	5
Cash & cash equivalents	67	39	42	48	62
Current tax recoverable	0	1	1	1	1
Current liabilities	239	221	448	495	596
Trade and other payables	173	150	377	425	525
Current taxation	6	10	10	10	10
Bank loans	55	56	56	56	56
Non-current liabilities	6	9	9	9	9
Bank loans	-	-	-	-	-
Deferred tax liabilities	1	2	2	2	2
Minority interest	-	-	-	-	-
Shareholder's equity	266	268	267	281	315
Total equity	266	268	267	281	315

Key ratios

YE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Sales mix (%)					
Mobile advertising	100.0	99.9	86.9	77.1	74.4
Game publishing	-	-	-	-	-
Data analytics services	-	0.1	13.0	22.7	25.4
Cloud products & services	-	0.0	0.1	0.2	0.2
Total	100.0	100.0	100.0	100.0	100.0
Growth (%)					
Revenue	15.1	3.2	47.7	36.1	17.5
Gross profit	21.3	(30.8)	58.2	63.7	26.5
Operating Income	(10.3)	NA	NA	NA	139.8
Adj. net profit	16.1	(78.1)	142.2	88.3	59.2
Profitability (%)					
Gross margin	23.7	15.9	17.0	20.5	22.1
Pre-tax margin	4.7	(1.4)	(0.1)	1.5	3.1
Tax rate	(5.9)	(26.8)	(12.0)	(12.0)	(12.0)
Net margin	4.4	(1.0)	(0.0)	1.3	2.7
Returns (%)					
ROE	8.3	(1.9)	(0.1)	5.0	10.6
ROA	4.3	(1.0)	(0.1)	1.8	3.6
Per share data					
EPS (US\$)	0.03	0.01	0.01	0.03	0.04
DPS (US\$)	-	-	-	-	-
BVPS (US\$)	0.2	0.2	0.2	0.2	0.2

Source: Company data, CMBIS estimates

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