

China Internet Sector

2021 "11.11": Heading into high-quality growth

2021 "11.11" delivered mild GMV momentum, with focus on high-quality growth and livestreaming & domestics trend. Alibaba GMV was soft at + 8.5% YoY (below mkt expectation of double-digit growth), while JD GMV was solid at +28.6% YoY (vs. 32.8% YoY in 2020). PDD did not release its GMV, but emphasized more on agricultural goods and domestics promotion. Mkt expectation was already low, given challenging macro and SFV' share gain. Looking ahead, we expect ecommerce platforms to rely less on shopping festival promotion, with priority shifting to quality growth and experience enhancement on both user & merchant side. Our pecking order: PDD > Kuaishou > BABA > Baozun.

- Alibaba (BABA US, BUY):** At its 13th "11.11" Shopping Festival, Alibaba delivered moderate GMV at RMB540.3bn, + 8.5% YoY (vs. 26% in 2020), slightly below market expectation. Such deceleration was mainly attributable to 1) soft consumption amid COVID cases, macro challenge, tightening regulation, and 2) short videos' share gain. BABA prioritized on user experience, inclusiveness and merchant support in this event, with 1) offering senior-friendly version; and 2) 65% of participated brands coming from SMEs or new brands. Looking ahead, we expect BABA to focus more on high-quality growth, and we are prudent on its CMR momentum in next few quarters (forecasting single-digit growth).
- Pinduoduo (PDD US, BUY):** Similar to 2020, PDD did not disclose its GMV number in 2021 "11.11". PDD emphasized more on agricultural products and domestics promotion. We keep positive on its 2H21E GMV growth and CGP momentum (double-digit QoQ growth). Moving into FY22E, we expect solid growth to continue (forecasting GMV +30% YoY), backed by its ARPU upside, ROI-driven S&M, strong user engagement and CGB contribution.
- JD (JD US):** JD GMV reached 349.1bn, +28.6% YoY (vs. 32.8% YoY in 2020), above market expectation, mainly on: 1) strong performance of 3C products and FMCG; and 2) lower-tier cities contribution from Jingxi platform. We expect this strong GMV to support its 4Q21E trend, coupled with continuous margin recovery.

Valuation Table

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS		
							FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
China Internet Giants												
Tencent	700 HK	579,888	HKD	470	BUY	640	27.7	22.9	19.0	6.4	5.4	4.6
Alibaba	BABA US	446,731	USD	165	BUY	255	18.1	15.2	12.4	3.1	2.6	2.2
Baidu	BIDU US	56,587	USD	163	BUY	248	18.9	15.6	12.2	2.9	2.5	2.2
JD	JD US	125,187	USD	80	NA	NA	58.2	38.4	24.4	0.8	0.7	0.6
Meituan	3690 HK	221,138	HKD	281	BUY	383	NA	NA	81.8	7.8	5.6	4.3
Pinduoduo	PDD US	108,623	USD	87	BUY	175	NA	74.5	32.2	6.4	4.5	3.4
NetEase	NTES US	67,957	USD	101	BUY	120	24.2	20.8	17.8	5.0	4.3	3.8
Didi	DIDI US	39,744	USD	8	NA	NA	75.9	NA	52.7	1.3	1.1	0.9
Kuaishou	1024 HK	51,516	HKD	96	BUY	110	NA	NA	NA	4.1	3.0	2.3
Average							29.4	22.6	19.7	4.2	3.3	2.7
E-commerce												
Alibaba	BABA US	446,731	USD	165	BUY	255	18.1	15.2	12.4	3.1	2.6	2.2
JD	JD US	125,187	USD	80	NA	NA	58.2	38.4	24.4	0.8	0.7	0.6
Pinduoduo	PDD US	108,623	USD	87	BUY	175	NA	74.5	32.2	6.4	4.5	3.4
Meituan	3690 HK	221,138	HKD	281	BUY	383	NA	NA	81.8	7.8	5.6	4.3
Vipshop	VIPS US	7,607	USD	11	NA	NA	7.6	6.8	5.8	0.4	0.4	0.3
Yatsen	YSG US	1,800	USD	3	NA	NA	NA	NA	NA	1.6	1.2	0.8
Baozun	BZUN US	1,340	USD	17	BUY	28	19.4	13.5	9.7	0.9	0.7	0.6
Average							25.8	18.5	16.9	3.0	2.2	1.8

Source: Company data, CMBIS estimates

OUTPERFORM
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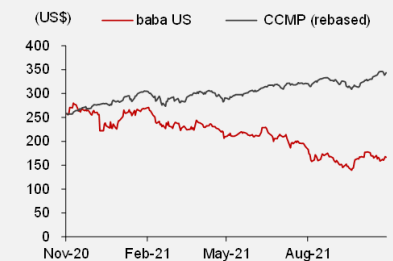
China Internet Sector

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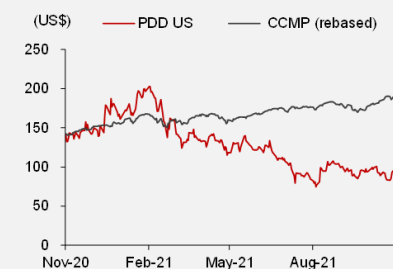
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BABA: 12-mth Price Performance



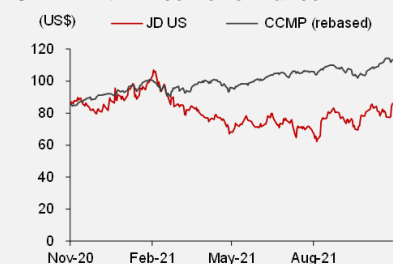
Source: Bloomberg

PDD: 12-mth Price Performance



Source: Bloomberg

JD: 12-mth Price Performance

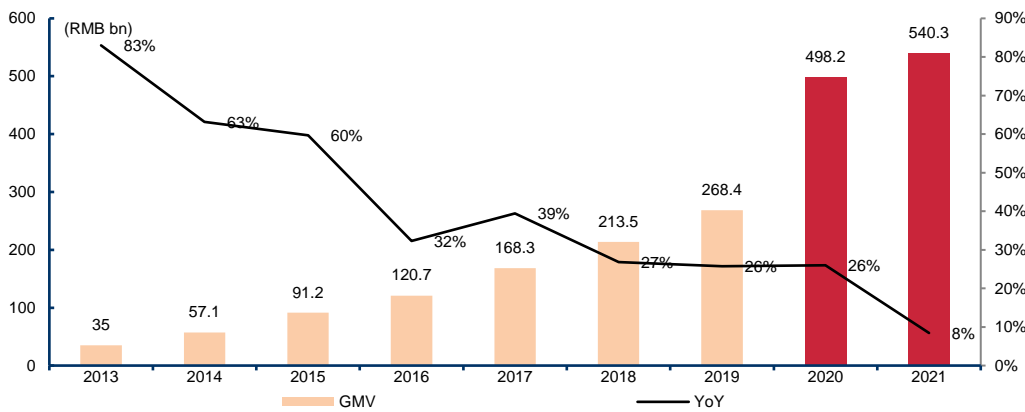


Source: Bloomberg

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- Kuaishou 3Q21E preview: 3Q21E on track, with attractive valuation – 25 Oct 2021
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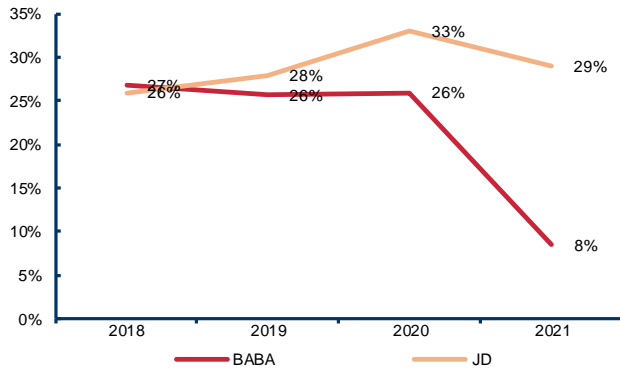
Figure 1: BABA's "11.11" GMV



Source: Company data

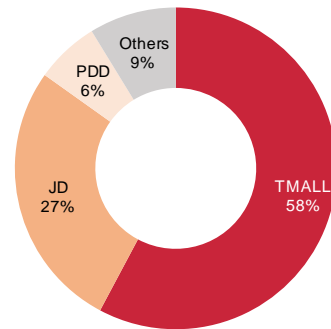
Notes: 2020, 2021 GMV refers to data from 11.01 to 11.11, while 2013-2019 GMV refers to data on 11.11.

Figure 1: BABA vs. JD "11.11" GMV growth



Source: Company data

Figure 2: TOP3 platform mkt share on 11.11



Source: Syntun data

Figure 4: Peers valuation

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS			EV/EBIT			FY21-23 EPS CAGR
							FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	
E-commerce																
Pinduoduo	PDD US	108,623	USD	87	BUY	175	NA	74.5	32.2	6.4	4.5	3.4	NA	NA	48.7	844%
Alibaba	BABA US	446,731	USD	165	BUY	255	18.1	15.2	12.4	3.1	2.6	2.2	21.9	16.4	12.5	19%
JD.com	JD US	125,187	USD	80	NA	NA	58.2	38.4	24.4	0.8	0.7	0.6	NA	54.4	25.4	52%
Vipshop	VIPS US	7,607	USD	11	NA	NA	7.6	6.8	5.8	0.4	0.4	0.3	5.5	4.8	4.1	14%
Suning.com	002024 CH	6,545	CNY	5	NA	NA	NA	NA	23.0	0.2	0.2	0.1	NA	NA	23.8	NA
Baozun	BZUN US	1,340	USD	17	BUY	28	19.4	13.5	9.7	0.9	0.7	0.6	19.6	11.3	7.7	38%
Meituan	3690 HK	221,138	HKD	281	BUY	383	NA	NA	81.8	7.8	5.6	4.3	NA	NA	NA	NA
Average							25.8	18.5	26.2	2.2	1.7	1.4	15.7	21.7	14.7	31%
Global Ecommerce																
Amazon	AMZN US	1,763,352	USD	3,477	NA	NA	54.2	42.9	31.2	3.7	3.2	2.7	72.6	53.5	35.8	29%
SEA	SE US	197,092	USD	357	NA	NA	NA	NA	NA	20.9	13.8	10.4	NA	NA	NA	NA
eBay	EBAY US	47,752	USD	76	NA	NA	18.1	17.9	16.0	4.6	4.4	4.1	15.5	15.1	14.0	14%
Groupon	GRPN US	677	USD	23	NA	NA	23.0	7.6	5.6	0.7	0.7	0.6	NA	11.2	9.0	82%
Average							31.8	22.8	17.6	7.5	5.5	4.5	44.0	26.6	19.6	42%
Social platform																
Tencent	700 HK	579,888	HKD	470	BUY	640	27.7	22.9	19.0	6.4	5.4	4.6	20.9	19.5	16.5	21%
Weibo	WB US	9,918	USD	44	NA	NA	14.4	13.0	11.4	4.5	4.0	3.6	13.1	11.8	10.1	13%
Kuaishou	1024 HK	51,516	HKD	96	BUY	110	NA	NA	NA	4.1	3.0	2.3	NA	NA	NA	NA
Bilibili	BILI US	29,012	USD	75	BUY	110	NA	NA	NA	9.6	6.7	4.9	NA	NA	NA	NA
Snap	SNAP US	84,128	USD	52	NA	NA	NA	90.9	39.7	20.9	15.0	10.4	NA	NA	57.1	81%
Facebook	FB US	934,254	USD	336	NA	NA	22.0	21.7	19.2	7.9	6.7	5.6	18.8	18.5	15.4	9%
Average							21.4	37.1	22.3	8.9	6.8	5.3	17.6	16.6	24.8	31%
Average							26.3	20.0	16.2	6.0	4.6	3.6	23.5	21.6	19.3	34%

Source: Bloomberg

Note: Data updated by 12 Nov 2021

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