



T. H. Data Flash – Sogou Inc. – November & Preliminary 4Q17

January 11, 2018

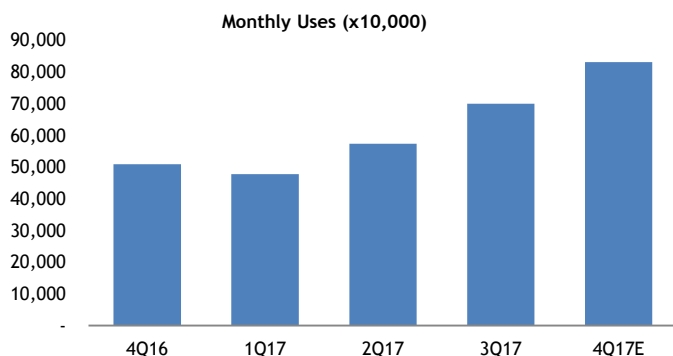
Expect 4Q17 Revenue to be Better than Consensus

Sogou is promoting its business as a leading vendor in artificial intelligence (AI); particularly with its partnership with Tencent (700.HK, HK\$429.40, Not Rated), the business of AI makes more sense. While this part of the business has not shown real results, we believe SOGO can deliver solid 4Q17 results. Based on our data and model, we believe the company is likely to deliver 4Q17 top line in the range of \$283.7M – \$289.2M, higher than consensus at \$275.3M. In addition, the CEO recently bought some shares from the open market, which serves as a positive sign for the stock.

- **Mobile search increased Y/Y** – Total monthly uses of Sogou at 831.5M in 4Q17E increased 63.4% Y/Y from 508.8M in 4Q16 (Figure 1). For the month of November, total monthly uses of Sogou at 789.2M increased 71.6% Y/Y from 459.9M in November 2016. Total monthly time-spend on Sogou increased 57.1% Y/Y to 9.5B minutes in 4Q17E (Figure 2). Total monthly time-spend on Sogou increased 56.1% Y/Y to 8.8B minutes in November 2017.
- **PC search declined Y/Y** – In 4Q17E, page views of Sogou PC search decreased 33.3% Y/Y and unique visitors declined 31.2% Y/Y compared with 4Q16 (Figure 3).
- **iOS download ranking** - Sogou pinyin input method remained stable and ranked 6.12 in 4Q17E. Sogou search slightly increased and ranked 103.6 in 4Q17E. Sogou browser's ranking decreased to 101.3 in 4Q17E, and QQ browser's ranking slightly decreased to 4.22 in 4Q17E (Figure 4).

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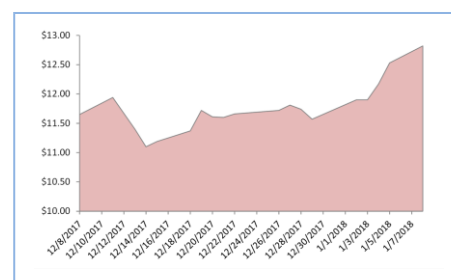
Figure 1: Total Monthly Uses, 4Q16 – 4Q17E



Source: iResearch and T.H. DATA (www.thdata.com)

Sogou Inc.
SOGO: Not Rated
Price: \$12.61
Target Price: N/A

52 Week Range: \$10.85 - \$14.70
Market Cap: \$3.01B
Avg. Daily Vol. (100 day): 3,170,634



Data in this report is extracted from publicly available sources and processed with our proprietary methodology. Please contact us for detailed information.

www.thdata.com

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