



## Meituan Dianping

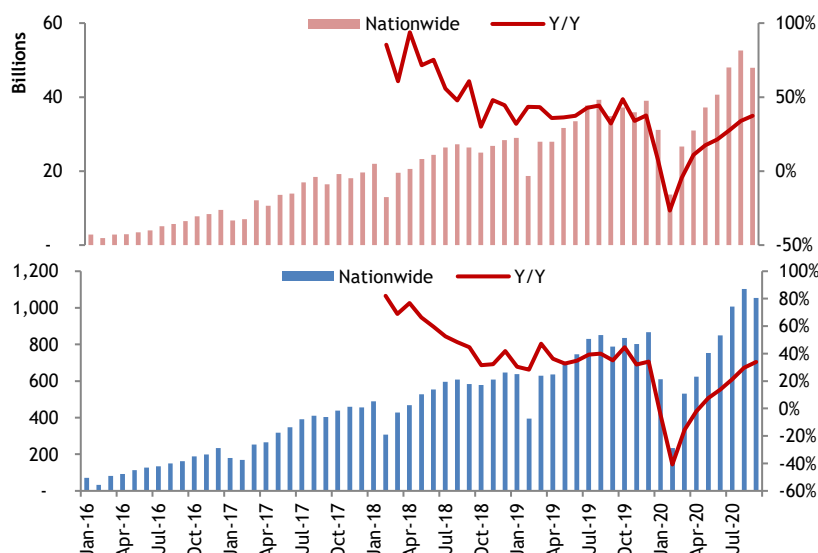
November 24, 2020

### Accelerating Growth In Supply And Demand for Online Deliveries Leads To Better 3Q20 Results

Meituan will report 3Q20 results on November 30th before the markets open with a 6am EST conference call. We are positive on Meituan's performance in 3Q20. The demand for food delivery services accelerated in 3Q20 as business activities and life returned to normal. The supply side of food delivery has been growing significantly as restaurant re-openings and their online migration continues their upward trend nationwide. The number of food delivery orders and restaurants joining online services were up significantly at 50% Y/Y and 22% Y/Y, respectively, in 3Q20. Based on our data and calculation, Meituan's 3Q20 revenue is likely to be better than consensus at RMB33,833M (23.1% Y/Y growth) and our model at RMB33,673M.

- Meituan driving food delivery sector growth, GTV and orders were up in 3Q20** – Based on our data and calculations, Meituan food delivery GTV is likely to be up 32.9% Y/Y in 3Q20, much higher than 16.9% Y/Y in 2Q20 (*Figure 1*), and its orders grew 28.1% in 3Q20, up from 6.9% in 2Q20 (*Figure 1*). Meituan's faster growth is driving the accelerated growth in the sector. Total GTV of food delivery sector (Meituan Food Delivery and Ele.me) grew 25.9% Y/Y, faster than 12.1% in 2Q20 (*Figure 3*); and total orders grew ~21.5% Y/Y, higher than 2.1% in 2Q20. Meituan's GTV market share was about 69% and orders were approximately 70% (*Figure 3*); both were higher than 2Q20. The faster growth of the sector was supported by the upward trend in restaurant re-openings/opens as well as online migrations (*Figure 4*).
- Dial in information** - Meituan will report 3Q20 results on November 30th before the markets open with a 6am EST conference call by pre-registering.

Figure 1: Meituan Food Delivery GTV (top), Orders (bottom) and Growth, 1/2016 – 9/2020



Source T. H. Data (www.thdata.com)

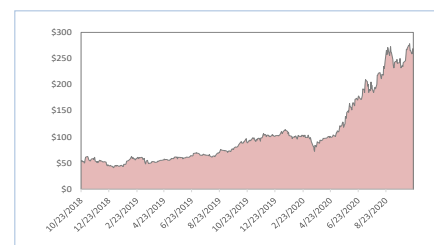
**Meituan Dianping: 3690.HK**  
**Price: HK\$303.40**  
**Target Price: N/A**

<b>52 Week Range (in HK\$):</b>	<b>\$70.10 – \$338.20</b>
<b>Market Cap (in HK\$):</b>	<b>\$1.78T</b>
<b>Avg. Daily Vol. (100 day):</b>	<b>21,246,259</b>
<b>3-Yr. Est. Revenue CAGR:</b>	<b>39%</b>

FY (Dec)	2019A	2020E	2021E
Q1	19,203A	16,754A	32,054E
Q2	22,703A	24,722A	40,437E
Q3	27,494A	33,673E	49,565E
Q4	<u>28,158A</u>	<u>34,716E</u>	<u>49,394E</u>
Net Revenue	97,529A	109,865E	171,451E
Q1	(0.40)A	(0.04)A	0.43E
Q2	0.26A	0.45A	0.81E
Q3	0.33A	0.23E	0.98E
Q4	<u>0.39A</u>	<u>0.33E</u>	<u>0.96E</u>
FY EPS*	0.80A	0.98E	3.18E
P/E	379.3x	309.6x	95.4x

\*Non-GAAP EPS

All figures in RMB millions unless otherwise noted



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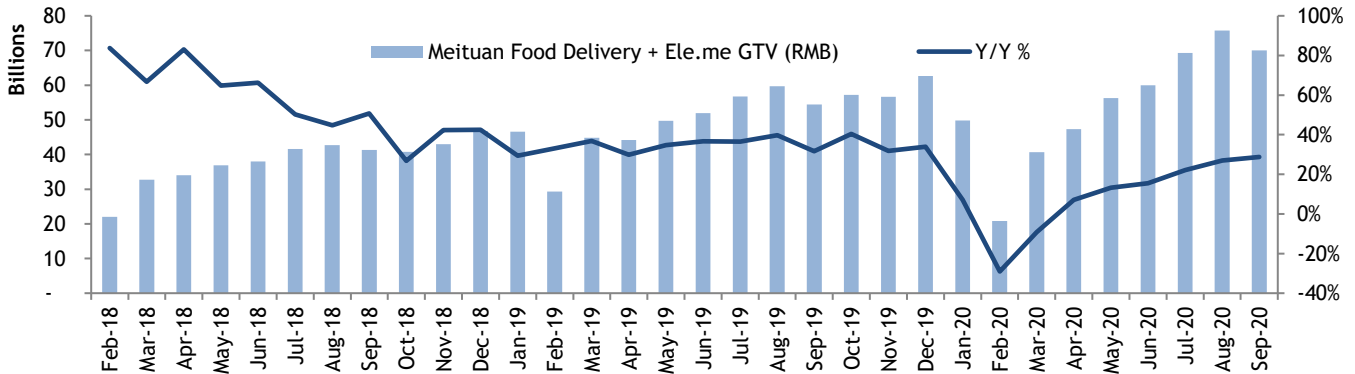
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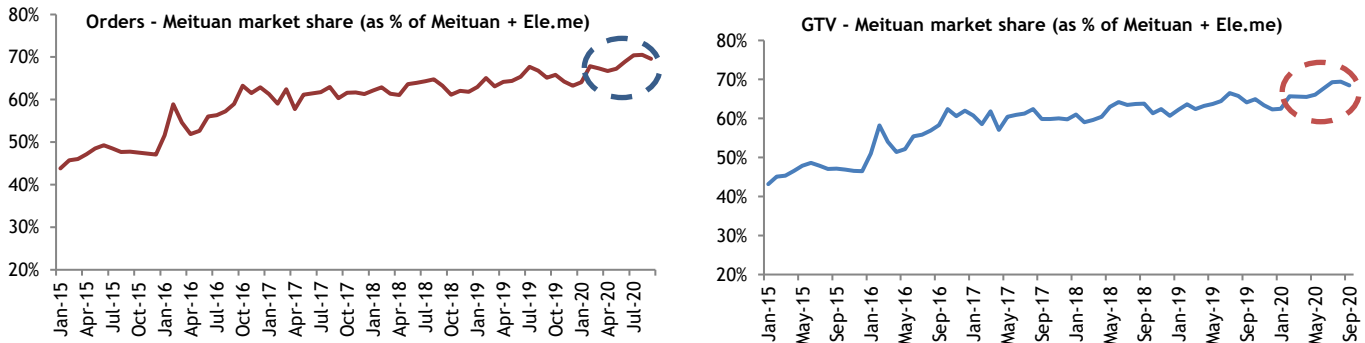
- **Valuation** – We believe the near-term price target could be HK\$335.00, which is based on a PS multiple of 11.7X our FY2021E revenue projection of RMB171,450.9M.
- **Risks to long** – 1) New community grocery business development is likely to put pressure on margin; 2) More subsidization pressure from its peers; and 3) Anti-trust laws.
- **Risks to short** – 1) Faster online migration and delivery orders than expected; 2) Winner takes all; 3) Permanent lifestyle changes.

**Figure 2: Meituan Food Delivery GTV (in RMB blns, Left) and Orders (Right), 1/2016 – 9/2020**



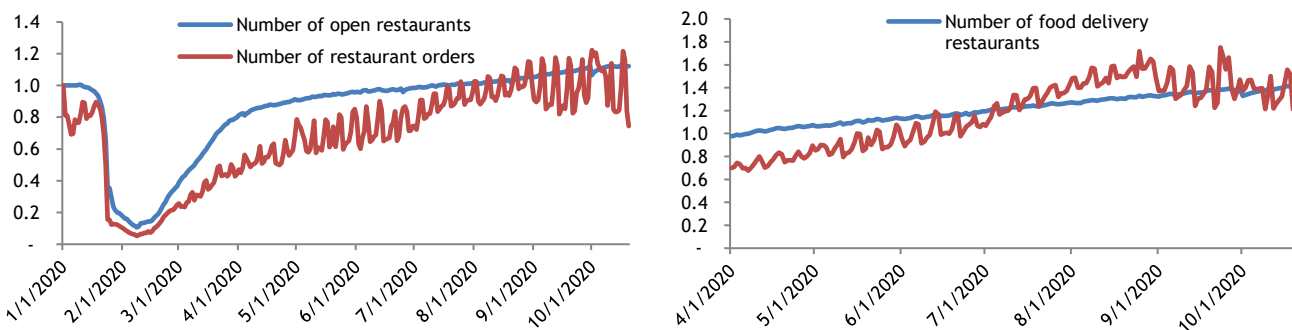
Source: T.H. Data (thdata.com)

**Figure 3: Meituan Market Share – Orders (Left) and GTV (in RMB blns, Right), 1/2015 – 9/2020**



Source: T.H. Data (thdata.com)

**Figure 4: Number of Operational Restaurants & Orders and Food Delivery Restaurants & Orders, 1/1/2020 – 10/1/2020**



Source: T.H. Data (thdata.com)



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