

2019 年 4 月 16 日

买入  
维持评级

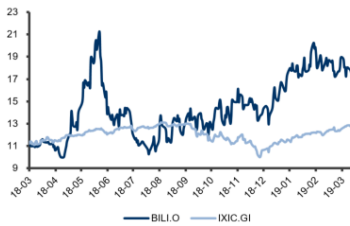
## 加大内容投入

哔哩哔哩 (BILI:US)

### Market Data: 15 April 2019

Closing Price (USD)	17.18
Price Target (USD)	25.07
Nasdaq (IXIC)	7,976
S&P 500	2,906
52-week High/Low (USD)	22.70/9.09
Market Cap (US\$m)	5,350
Market Cap (Rmbm)	37,246
Shares Outstanding (m)	321
Exchange Rate (Rmb-US\$)	6.75

### Price Performance Chart:



Source: Bloomberg

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### Related Reports

Bilibili (BILI: US)— "Rising star" 28 Feb. 2019  
Bilibili (BILI: US)— "Talent manager" 13 Dec. 2018

The clients shall have a comprehensive understanding of the disclosure and disclaimer upon the last page.

### Financial summary and valuation

	2017	2018	2019E	2020E	2021E
Revenue (Rmbm)	2,468	4,129	6,792	9,815	12,181
YoY (%)	371.70	67.27	64.51	44.50	24.11
Net income (Rmbm)	-184	-565	-1,163	63	684
YoY (%)	-	-	-	-	991
EPS (Rmb)	-8.17	-2.64	-3.62	0.20	2.13
Diluted EPS (Rmb)	-8.17	-2.64	-3.33	0.18	1.96
ROE (%)	-8.85	-7.86	-13.55	0.73	7.34
Debt/asset (%)	40.25	31.45	49.88	54.78	56.30
Dividend Yield (%)	-	-	-	-	-
PE (x)	-204.20	-66.41	-32.27	598.26	54.82
PB (x)	18.08	5.22	4.37	4.34	4.02
EV/Ebitda (x)	-747.72	-128.27	-45.22	76.88	28.89

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised.

我们预计哔哩哔哩 1Q19 收入为 12.9 亿元，同比增长 48.6%，净亏损 2.35 亿元，对应摊薄每股亏损 0.64 元。受益于一季度春节前发布的《FGO》2.0 版本，我们预计哔哩哔哩游戏收入迎来强劲增长。随着用户付费率的加速增长，我们预计增值服务收入也将保持高速增长。我们预计哔哩哔哩 1Q19 平均月度活跃用户数达 9840 万，同比增长 26.9%。同时，广告业务与电商业务预计保持三位数增速。考虑到公司对内容端的加速投入将致毛利承压，叠加公司发行可转债及增发股票带来的稀释影响，我们将 19 年摊薄 EPS 预测从 -1.55 元人民币下调至 -3.33 元人民币，将 20 年摊薄 EPS 预测从 1.04 元人民币下调至 0.18 元人民币，将 21 年摊薄 EPS 预测从 2.85 元人民币下调至 1.96 元人民币。基于其业务变现可见度及确定性提升，我们维持目标价 25.07 美元，基于 45.9% 的上升空间，我们维持买入评级。

**游戏储备丰富。**哔哩哔哩于 1 月发布了《FGO》1.5.4 章节和 2.0 版本，使得该游戏在春节期间稳居 iOS 畅销榜前五。此外，哔哩哔哩 2019 年产品储备丰富，其已有 5 款游戏获得版号，有 30 余款独代游戏在等待版号审批，还有 100 余款联运游戏准备上线。继之前连续两个季度游戏收入环比下滑，我们预计公司游戏收入将迎来拐点，预计 1Q19 录得游戏收入同比增长 16.9%，环比增长 12.9%，预计 2019 全年游戏收入同比增长 45%。

**变现可见度提升。**2018 年四季度，哔哩哔哩月度活跃用户数达 9280 万人，同比增长 29%。去重月度付费用户达 440 万人，同比增长 298%，付费率大幅增长至四季度 4.7%。基于持续增长的付费用户数及用户互动行为，我们预计一季度哔哩哔哩直播会员业务收入同比增长 140.4%，广告收入同比增长 110.8%。考虑到其预售模式，我们预计电商及其他业务将在一季度录得 1.06 亿元收入，同比增长 700%。我们预计哔哩哔哩 1Q19 平均月度活跃用户数达 9840 万人，2019 全年达 1.12 亿人。

**短期毛利承压。**2019 年 4 月 8 日，哔哩哔哩宣布完成 5 亿美元的七年期可转债发行，同时完成以每股 18 美元的价格增发约 1417 万股 ADS(并出售约 653 万老股)。哔哩哔哩计划利用此次融资所得丰富内容，开展研发。鉴于公司计划加速投入内容自制/采买，还有可能进行产业链上(如漫画、电竞)的战略并购、投资和组建联盟，叠加收入结构变化，我们预计公司盈亏平衡点将推迟至 2020 年下半年。我们预计公司 1Q19 毛利为 13.9%，2019 年全年毛利为 16.8%。尽管短期毛利承压，我们认为哔哩哔哩坐拥高粘性用户，已经踏上了可持续健康变现的道路。

**维持买入评级。**用户增长、付费率提高以及变现形式多元化为哔哩哔哩的业绩增长提供了强力支撑。但考虑到其对内容端的加速投入会使利润率短期承压，我们将 19 年摊薄 EPS 预测从 -1.55 元人民币下调至 -3.33 元人民币，将 20 年摊薄 EPS 预测从 1.04 元人民币下调至 0.18 元人民币，将 21 年摊薄 EPS 预测从 2.85 元人民币下调至 1.96 元人民币。基于其业务变现可见度及确定性提升，我们维持目标价 25.07 美元，基于 45.9% 的上升空间，我们维持买入评级。

## Investment highlight :

We expect Bilibili to post 1Q19E revenue of Rmb1.29bn (+48.6% YoY) and a net loss of Rmb235m, resulting in diluted EPS of –Rmb0.64. We note strong performance of the mobile game segment with the launch of FGO 2.0 around Chinese New Year and the rapid growth of the value-added services (VAS) business with increasing paying users. We forecast 26.9% YoY growth in monthly average users (MAUs) to 98m and sustained three-digit growth for the firm's advertising and ecommerce segments. With content investment weighing on near-term margins, and given issuance of convertible bonds and shares, we lower our EPS forecasts from –Rmb1.55 to –Rmb3.33 in 19E, from Rmb1.04 to Rmb0.18 in 20E, and from Rmb2.85 to Rmb1.96 in 21E. Nonetheless, given higher monetisation visibility, we maintain our target price of US\$25.07. With 45.9% upside, we maintain BUY.

**Strong mobile game pipeline.** Bilibili released Fate/Grand Order (FGO) chapter 1.5.4 and launched version 2.0 in January, allowing the game to rank in the top 5 on iOS in terms of gross revenue during Chinese New Year. Moreover, Bilibili has five approved games in the pipeline, and more than 30 games waiting for licence approval. Given the resumption of imported game approvals, combined with over 100 additional jointly operated games, the firm enjoys an extensive game pipeline in 2019. After two consecutive QoQ decreases in game revenue, we expect Bilibili to achieve 16.9% YoY growth in 1Q19E game revenue (+12.9% QoQ) and 45% YoY growth in 19E game revenue.

**Higher monetisation visibility.** MAUs grew 29% YoY to 92.8m in 4Q18, while paying users surged 298% YoY to 4.4m, representing a paying ratio of 4.7%. Given sustained growth in paying users and engagement, we see higher monetisation visibility and forecast 140.4% YoY growth in live broadcasting & VAS revenue and 110.8% YoY growth in online advertising revenue in 1Q19E. We expect other segments (including ecommerce) to generate Rmb106m in 1Q19E revenue (+700% YoY), due to the lagged recognition of item sales, and total MAUs to reach 98.4m in 1Q19E and 112.2m in 19E.

**Near-term margin pressure.** On 8 April, Bilibili completed the issuance of US\$500m worth of senior convertible notes (expiring in 2026) and concurrent offering of 14.2m shares at US\$18.00/ADS. The company plans to use the proceeds to enrich its content offerings and invest in research and development (R&D). Given its more aggressive investment in content production and acquisition and in industry chain development (acquisitions in comics and esports), coupled with a change in revenue mix, we expect Bilibili to reach its breakeven point later in 2H20. We forecast a blended gross margin of 13.9% in 1Q19E and 16.8% for 19E. Despite near-term margin pressure, we believe Bilibili is on the right track to achieve sustainable monetisation with sticky users.

**Maintain BUY.** Bilibili enjoys organic growth through an increasing number of users, higher paying ratios, and diversified monetisation formats. However, its aggressive content investment strategy increases pressure on near-term margins. We lower our EPS forecasts from –Rmb1.55 to –Rmb3.33 in 19E, from Rmb1.04 to Rmb0.18 in 20E, and from Rmb2.85 to Rmb1.96 in 21E. We maintain our target price of US\$25.07. With 45.9% upside, we maintain our BUY recommendation.

**Fig 1: Bilibili's revenue forecast**

(Rmbm)	2016	2017	1Q18	...	4Q18	1Q19E	2019E	2020E	2021E
<b>Revenue</b>									
Online games	342	2,058	688		713	805	4,258	5,809	6,391
Live broadcasting & VAS	80	176	96		202	230	1,190	1,719	2,265
Advertising	61	159	70		160	148	880	1,544	2,447
Ecommerce and others	41	75	13		81	106	464	743	1,077
<b>Total</b>	<b>523</b>	<b>2,468</b>	<b>868</b>		<b>1,156</b>	<b>1,290</b>	<b>6,792</b>	<b>9,815</b>	<b>12,181</b>
<b>as % of revenue</b>									
Online games	65.43%	83.38%	79.32%		61.69%	62.39%	62.68%	59.19%	52.47%
Live broadcasting & VAS	15.22%	7.15%	11.03%		17.47%	17.85%	17.52%	17.51%	18.60%
Advertising	11.60%	6.45%	8.12%		13.84%	11.51%	12.96%	15.73%	20.09%
Ecommerce and others	7.75%	3.02%	1.53%		7.01%	8.25%	6.84%	7.57%	8.84%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>		<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>YoY growth</b>									
Online games	297.55%	501.15%	97.26%		15.45%	16.90%	45.00%	36.44%	10.02%
Live broadcasting & VAS	1184.57%	121.51%	150.97%		276.35%	140.41%	103.20%	44.45%	31.78%
Advertising	220.87%	162.09%	143.92%		302.33%	110.79%	89.91%	75.39%	58.53%
Ecommerce and others	105.33%	84.04%	64.96%		254.06%	700.00%	223.67%	60.00%	45.00%
<b>Total</b>	<b>299.49%</b>	<b>371.70%</b>	<b>104.65%</b>		<b>57.49%</b>	<b>48.61%</b>	<b>64.51%</b>	<b>44.50%</b>	<b>24.11%</b>

Source: Company data, SWS Research

**Fig 2: Bilibili's operating matrix forecast**

Operating matrix	2016	2017	1Q18	...	4Q18	1Q19E	2019E	2020E	2021E
<b>MAU</b>									
	39.7	67.1	77.5		92.8	98.4	112.2	141.4	152.7
YoY	-	69.23%	35.26%		29.32%	26.93%	29.01%	26.00%	8.00%
<b>MAPU</b>									
	0.4	1.0	2.5		4.4	4.7	5.4	6.5	7.6
YoY	-	169.60%	198.60%		298.00%	398.00%	63.76%	20.07%	17.39%
Paying ratio	0.94%	1.50%	3.19%		4.69%	4.80%	4.83%	4.60%	5.00%
<b>MAPU for game</b>									
	0.3	0.6	0.8		0.9	1.1	1.3	2.0	2.4
YoY	-	140.17%	72.79%		36.21%	35.26%	52.47%	52.86%	23.43%
<b>Average daily time spent</b>									
	72.2	76.3	76.0		78.0	-	-	-	-
<b>Daily video views</b>									
	-	168	267		436	-	-	-	-
YoY	-	-	137.00%		107.00%	-	-	-	-
<b>Monthly interactions</b>									
	114	221	293		1,000	-	-	-	-
YoY	-	94.80%	83.00%		298.00%	-	-	-	-

Source: Company data, SWS Research

**Fig 3: Bilibili's profitability forecast**

Profitability	2016	2017	1Q18	...	4Q18	1Q19E	2019E	2020E	2021E
<b>Gross profit</b>									
	249.5	549.2	213.1		197.0	179.7	1,143.4	3,166.7	4,606.6
Gross margin	-47.68%	22.25%	24.55%		17.05%	13.93%	16.83%	32.26%	37.82%
<b>Operating profit, GAAP</b>									
	894.7	224.3	74.3		288.8	327.1	1,376.2	170.4	525.8
OPT margin	-170.97%	-9.09%	-8.56%		-24.99%	-25.35%	-20.26%	-1.74%	4.32%
<b>Net profit, GAAP</b>									
	911.5	183.8	57.8		190.8	234.5	1,162.9	62.7	684.4
Net margin, GAAP	-174.18%	-7.44%	-6.66%		-16.51%	-18.18%	-17.12%	0.64%	5.62%
<b>Net profit, non-GAAP</b>									
	545.5	101.3	3.2		152.0	195.7	952.7	296.5	943.2
Net margin, non-GAAP	-104.24%	-4.10%	-0.36%		-13.16%	-15.17%	-14.03%	3.02%	7.74%

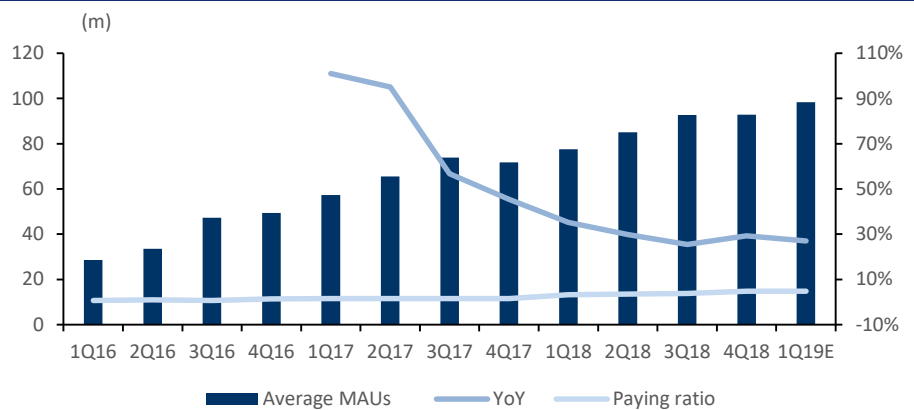
Source: Company data, SWS Research

## Growing community

The development of internet companies usually follows the following pattern: MAU expansion, then paying ratio improvement, and finally average revenue per user (ARPU) increase. Most listed companies are shifting from the second phase to the third, while Bilibili is one of the rare social platforms to enjoy organic growth in MAUs, paying ratio, and ARPU all at once. Bilibili attracts users with engaging content, retains them with vibrant communities, and expands the platform’s content to satisfy users’ entertainment needs. Bilibili’s users exhibit stronger social interaction and higher engagement than on other platforms.

According to the management, Bilibili aims to achieve 110-120m MAUs in 2019 and 140-150m MAUs in 2020. We note the firm is on the right track to enlarge its community by providing diversified ACG, lifestyle, and documentary content, and by improving value-added services for both content creators and video viewers. We forecast total MAUs to reach 98.4m in 1Q19E (+26.9% YoY). We expect premium members to increase from 3.6m in 4Q18 to 4.0m in 1Q19E, and total paying users to hit 4.7m, representing a 4.8% paying ratio. The growth in paying users is mainly driven by live broadcasting and the premium membership programme.

Fig 4: Bilibili’s MAUs & paying ratio

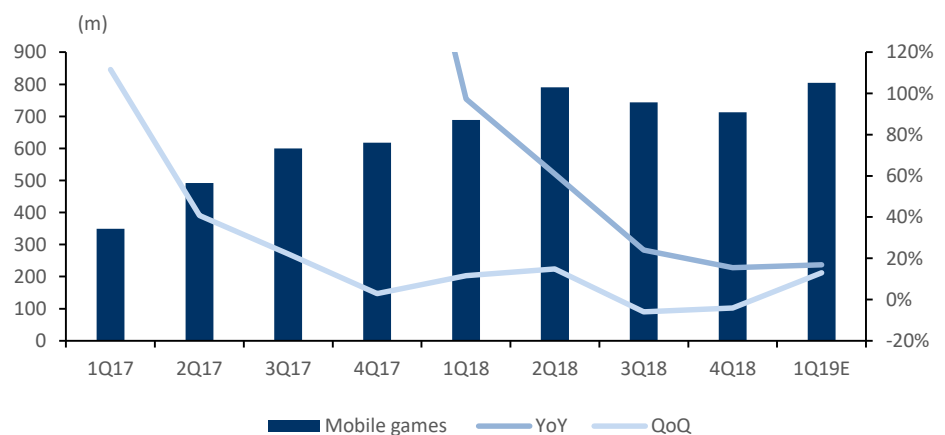


Source: Company data, SWS Research

## Strong mobile game pipeline

The company released *FGO* chapter 1.5.4 and launched version 2.0 in January, allowing the game to rank in the top 5 on iOS in terms of gross revenue during Chinese New Year. With deferred revenue (a leading indicator of future booked game revenue) rising 72% YoY and 18% QoQ to Rmb9.9m in 4Q18, we see a solid base for the company’s game revenue in 1Q19. Despite the lack of newly launched titles, we forecast Rmb805m of game revenue in 1Q19E (+16.9% YoY), on the back of *FGO*’s strong performance.

Fig 5: Bilibili’s mobile game revenue forecast



Source: Company data, SWS Research

We highlight imported game licence approvals resumed on 3 April. Bilibili has five approved games in the pipeline, namely *Final Gear* and *BanG Dream* (exclusively distributed), as well as *Ark Nights*, *RWBY*, and *The Legend of Hero: Trails in the Star* (jointly operated). Moreover, it has more than 30 exclusively distributed games waiting for licence approval. Combined with over 100 additional jointly operated games, the firm enjoys an extensive game pipeline. We forecast strong growth momentum for the mobile game segment in 19E, with revenue up 45% YoY to Rmb4.3bn.

Fig 6: Bilibili's game pipeline

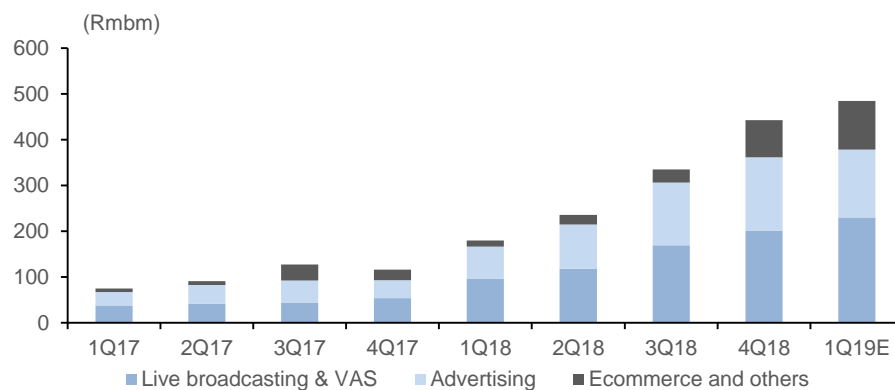
游戏名称	Game title	Type	Developer	Genre	Pre-order launch date	Pre-orders	TapTap score	Licence
妃十三学园	<i>Alternative Girls</i>	Exclusively distributed	QualiArts	RPG/VR	2017.04.18	670,892	8.5	
一血万杰	<i>Yi Xue Wan Jie</i>	Exclusively distributed	Rejet & DMM Override	RPG	2017.05.05	725,983	9.1	
明日方舟	<i>Ark Nights</i>	Jointly operated	HyperGryph	Strategy	2017.10.14	855,674	8.6	approved
桃源乡	<i>Tao Yuan Xiang</i>	Exclusively distributed	Rejet	RPG	2017.11.03	542,212	8.7	
少女乐团派对	<i>BanG Dream</i>	Exclusively distributed	Bushiroad & Craft Egg	Music	2017.11.09	547,310	9.4	approved
无法触碰的掌心	<i>We Become What We Behold</i>	Exclusively distributed	Capcom	Simulation	2017.12.08	534,838	9.7	
瑰雪黑阳	<i>RWBY</i>	Jointly operated	Rooster Teeth Production	RPG	2018.01.09	545,054	8.7	approved
A3!	<i>A3!</i>	Exclusively distributed	Liberent	Simulation	2018.04.10	308,875	9.3	
英雄传说：星之轨迹	<i>The Legend of Heroes: Trails in the Star</i>	Jointly operated	User Joy	RPG	2018.06.01	314,957	8.6	approved
战刻夜想曲	<i>ZKXQ</i>	Exclusively distributed	Otomate	RPG	2018.10.22	192,103	9.1	
魔法纪录：小圆外传	<i>Magia record</i>	Exclusively distributed	F4samurai	RPG	2018.10.22	241,678	9.7	
公主连结	<i>Priconne Re: Dive</i>	Exclusively distributed	Cygames	RPG	2018.10.24	539,867	8.5	
重装战姬	<i>Final Gear</i>	Exclusively distributed	Beike World	Action	2019.01.09	420,888	8.3	approved
双生视界	<i>Girl Café Gun2</i>	Exclusively distributed	Kingsoft Season Game	TPS	2019.03.10	219,671	8.2	

Source: Taptap, Company data, SWS Research

## Higher monetisation visibility

MAUs grew 29% YoY to 92.8m in 4Q18, while paying users surged 298% YoY to 4.4m, mainly driven by live broadcasting and the premium membership programme. Given growing user engagement and improving premium services, we see higher monetisation visibility and forecast 140.4% YoY growth in live broadcasting & VAS revenue and 110.8% YoY growth in online advertising revenue in 1Q19E. We expect other segments (including ecommerce) to generate Rmb106m in 1Q19E revenue (+700% YoY), due to the lagged recognition of item sales, and total MAUs to reach 98.4m in 1Q19E and 112.2m in 19E. Besides internal growth, we expect Alibaba (BABA:US – BUY) to further help Bilibili's content creators monetise through advertising and ecommerce in 2H19.

Fig 7: Bilibili's revenue forecast



Source: Company data, SWS Research

## Near-term margin pressure

On 8 April, Bilibili completed the issuance of US\$500m worth of senior convertible notes (expiring in 2026) and concurrent offering of 14.2m shares at US\$18.00/ADS. The initial conversion rate of the notes is equivalent to a conversion price of c.US\$24.75/ADS, representing a conversion premium of 37.5% above the public offering price in the concurrent share offering. The company plans to use the proceeds to enrich its content offerings and invest in research and development (R&D), among other purposes. The notes will bear 1.375% annual interest, payable semi-annually starting on 1 October 2019. As such, Bilibili will benefit from the relatively low financing cost. Moreover, the primary share offering will improve Bilibili's free float position, thus attracting more qualified institutional investors.

We also see the issuance as an indicator of increasing Capex going forward. Given its more aggressive investment in content production and acquisition and in industry chain development (acquisitions in comics and esports), coupled with a change in revenue mix, we expect Bilibili to reach its breakeven point later in 2H20. We forecast a blended gross margin of 13.9% in 1Q19E and 16.8% for 19E. Despite near-term margin pressure, we believe Bilibili is on the right track to achieve sustainable monetisation with sticky users.

## Valuation

Bilibili enjoys organic growth through an increasing number of users, higher paying ratios, and diversified monetisation formats. However, its aggressive content investment strategy increases pressure on near-term margins. Coupled with the issuance of convertible bonds and shares, we lower our EPS forecasts from -Rmb1.55 to -Rmb3.33 in 19E, from Rmb1.04 to Rmb0.18 in 20E, and from Rmb2.85 to Rmb1.96 in 21E. In our sum-of-the-parts (SOTP) valuation model, we assign 16x 19E PE to the mobile game segment and 9x PS to the live broadcasting & VAS segment, and evaluate the firm's advertising and ecommerce business at Rmb150/MAU. As such, we maintain our target price of US\$25.07. With 45.9% upside, we maintain our BUY recommendation.

Fig 8: Bilibili's SOTP valuation

Valuation	Revenue 2019E (Rmbm)	Earnings 2019E (Rmbm)	Multiple	Equity market value (Rmbm)	Price per share (US\$)
Online games	4,258	1,277	16x PE	20,437	9.43
Live broadcasting & VAS	1,190	-	9x PS	11,067	5.10
Advertising and ecommerce	1,345	-	Rmb150/MAU	16,836	7.77
Cash and equivalents	6,005	-		6,005	2.77
<b>Total</b>				<b>54,345</b>	<b>25.07</b>

Source: Company data, SWS Research

Note: FX rate applied: USD\$1 = Rmb6.75

## Risks

**Concentration risk on single game.** In 2018, mobile games accounted for 71% of the company's total revenue. Within the segment, 74% of revenue was generated by a single game, *Fate/Grand Order*, and 11% by another game, *Azur Lane*. If the performance of these two titles falls short of expectations, it will have a negative impact on total revenue.

**Regulation risk.** We note regulation has become stricter in the online entertainment sector since last year, especially for games and media. Last May, the Ministry of Culture required distribution and live broadcasting platforms, like Bilibili, to remove a number of games, which involved violent action or pornography. If Bilibili fails to meet the regulatory rules, the company will be subject to penalties, which would negatively affect its business operations and financial conditions.

**Slower breakeven pace.** Bilibili's ability to achieve profitability will largely depend on the success of its monetisation process and its ability to manage costs and expenses. Its lack of track record in terms of monetisation results in potential high volatility for future operations. The firm may continue to experience losses due to increasing investment in technology and content.

**Policy risk.** The government recently criticised a number of short-video platforms (including Bilibili and Miaopai), resulting in some of the products being removed. The related increasing administrative expenses may have a negative impact on the firm's net profit.

## Appendix

### Consolidated Income Statement

Rmbm	2017	2018	2019E	2020E	2021E
<b>Revenue</b>	2,468	4,129	6,792	9,815	12,181
Cost of Sales	-1,919	-3,273	-5,649	-6,648	-7,575
<b>Gross Profit</b>	549	855	1,143	3,167	4,607
Other Income	48	121	123	123	123
Selling expenses	-232	-586	-892	-1,178	-1,462
Administrative expenses	-261	-461	-748	-981	-1,157
R&D expenses	-280	-537	-879	-1,178	-1,462
<b>EBITDA</b>	-130	-474	-1,035	256	1,035
<b>EBIT</b>	-176	-608	-1,253	-47	649
Finance Costs	1	69	143	152	166
<b>Profit before tax</b>	-175	-539	-1,110	105	815
Income tax expense	-9	-26	-53	-42	-130
<b>Profit/Loss for the year</b>	-184	-565	-1,163	63	684

Source: Company data, SWS Research

### Consolidated Cash Flow Statement

Rmbm	2017	2018	2019E	2020E	2021E
<b>Profit before taxation</b>	-175	-539	-1,110	105	815
Plus: Depr. and amortisation	304	642	1,026	1,239	1,356
Finance cost	1	69	143	152	166
Losses from investments	-13	-2	0	0	0
Change in working capital	274	565	1,073	1,189	860
Others	72	2	5	27	-55
<b>CF from operating activities</b>	465	737	1,137	2,713	3,142
Capex	-631	-1,334	-1,772	-2,104	-2,261
Other CF from investing activities	-85	-1,863	0	0	0
<b>CF from investing activities</b>	-716	-3,196	-1,772	-2,104	-2,261
Equity financing	667	4,975	2,552	-221	-241
Net change in liabilities	0	0	3,375	0	0
Dividend and interest paid	9	0	0	0	0
Other CF from financing activities	0	0	0	0	1
<b>CF from financing activities</b>	676	4,975	5,725	-221	-241
<b>Net cash flow</b>	376	2,777	5,090	388	639
FCFF	-238	-760	-980	236	473
FCFE	-236	-691	2,539	388	639

Source: Company data, SWS Research



**Consolidated Balance Sheet**

Rmbm	2017	2018	2019E	2020E	2021E
<b>Current Assets</b>	2,153	6,550	12,430	13,559	14,884
Bank balances and cash	765	4,289	9,380	9,767	10,406
Accounts receivables	393	324	475	687	853
Trade assets and other receivables	488	945	945	945	945
Pledged deposits	30	0	0	0	0
Other current assets	477	991	1,630	2,159	2,680
<b>Non-current Assets</b>	1,320	3,940	4,687	5,551	6,457
PP&E	186	395	609	805	952
Long-term investments	477	2,361	2,894	3,562	4,320
Other non-current assets	657	1,184	1,184	1,184	1,184
<b>Total Assets</b>	3,474	10,490	17,117	19,110	21,341
<b>Current Liabilities</b>	1,398	3,299	5,163	7,093	8,639
Borrowings	0	0	0	0	0
Accounts payables	597	1,308	2,079	2,754	3,368
Trade and other payables	174	285	456	611	749
Other current liabilities	628	1,706	2,627	3,727	4,522
<b>Non-current Liabilities</b>	0	0	3,375	3,375	3,375
Deferred tax liabilities	-	-	-	-	-
Long term payable to MI	-	-	3,375	3,375	3,375
<b>Total Liabilities</b>	1,398	3,299	8,538	10,468	12,014
<b>Shareholder Equity</b>	2,076	7,191	8,580	8,642	9,327
Share Capital	4,055	4,055	6,607	6,607	6,607
Reserves	293	5,974	5,974	5,974	5,974
Retained earnings	-2,273	-2,838	-4,001	-3,938	-3,254
Minority Interests	0	0	0	0	0
<b>Total Liabilities and equity</b>	3,474	10,490	17,117	19,110	21,341

Source: Company data, SWS Research

**Key Financial Ratios**

	2017	2018	2019E	2020E	2021E
<b>Ratios per share (Rmb)</b>					
Earnings per share	-8.17	-2.64	-3.62	0.20	2.13
Diluted EPS	-8.17	-2.64	-3.33	0.18	1.96
Operating CF per share	6.64	3.16	3.54	8.45	9.78
Dividends per share	-	-	-	-	-
<b>Key Operating Ratios (%)</b>					
ROIC	-8.92	-8.81	-15.23	-1.03	5.56
ROE	-8.85	-7.86	-13.55	0.73	7.34
Gross profit margin	22.25	20.72	16.83	32.26	37.82
EBITDA Margin	-5.27	-11.47	-15.23	2.61	8.50
EBIT Margin	-7.14	-14.72	-18.45	-0.48	5.33
Growth rate of Revenue(YoY)	371.70	67.27	64.51	44.50	24.11
Growth rate of Profit(YoY)	79.84	-207.49	-105.82	105.39	991.23
Debt-to-asset ratio	40.25	31.45	49.88	54.78	56.30
Turnover rate of net assets	118.93	57.42	79.17	113.57	130.61
Turnover rate of total assets	71.06	39.36	39.68	51.36	57.08
Effective tax rate (%)	-5.08	-4.82	-4.78	40.00	16.00
Dividend yield (%)	-	-	-	-	-
<b>Valuation Ratios (X)</b>					
P/E	-204.20	-66.41	-32.27	598.26	54.82
P/B	18.08	5.22	4.37	4.34	4.02
EV/Sale	15.20	9.09	5.52	3.82	3.08
EV/EBITDA	-747.72	-128.27	-45.22	76.88	28.89

Source: Company data, SWS Research

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