

3Q25 EARNINGS UPDATE

Meituan-W

Market Share Defense in Focus as Competition Shows Signs of Normalizing

KEY POINTS

Slight miss in 3Q25, but CLC operating loss expected to narrow in 4Q25. Meituan delivered 3Q25 revenue of RMB95.5bn, up 2% YoY but 2% below consensus. Core Local Commerce (CLC) revenue declined 2.8% YoY to RMB67.4bn (consensus expected flattish YoY). Revenue from New Initiatives rose 16% YoY to RMB28bn, slightly below the 17% consensus estimate. CLC operating loss widened to RMB14.1bn (vs. consensus loss of RMB13bn), with an operating margin of -21% (consensus -19%). New Initiatives performed better than expected, posting an operating loss of RMB1.3bn, versus consensus of a RMB2.3bn loss. Adjusted net loss reached RMB16bn, slightly larger than the RMB14bn consensus loss. Looking ahead to 4Q25, management explicitly guided that operating losses will remain elevated at both CLC and group levels due to intensified competition. However, they emphasized that the current competitive landscape is unsustainable, and CLC operating loss is expected to narrow in 4Q25.

Lower competition intensity in Food Delivery in upcoming quarters. Management noted that competitive intensity in food delivery has eased since Singles' Day, enabling Meituan to recover market share in order value while maintaining leading GTV share, supported by its strong high-AOV user base. The food delivery segment is still expected to incur notable operating losses in 4Q25, depending on December competition levels. Longer term, the company expects the market to shift from capital-driven subsidy battles to efficiency-driven competition, as aggressive subsidies generate unsustainable short-term traffic gains.

Growth in Branded Flagship InstaMart and investments in user experience. Management highlighted that Instashopping operating loss may slightly widen in 4Q25 versus 3Q25, driven by increased investments to support user experience during Singles' Day and other promotional campaigns. Despite short-term pressure, management remains confident in restoring profitability and achieving sustainable mid- to long-term margins. Under the new competitive landscape, Meituan launched Branded Flagship InstaMart in October. During the Singles' Day Festival, hundreds of partner brands achieved over 300% YoY sales growth, demonstrating the potential of deeper omni-channel brand collaboration.

December 1, 2025

Gelonghui Research
Chujie (Jack) Sun, CFA
Senior Research Analyst
sunchujie@guruhk.com

Yuecong (Marco) Zhang
Senior Research Analyst
zhangyuecong@guruhk.com

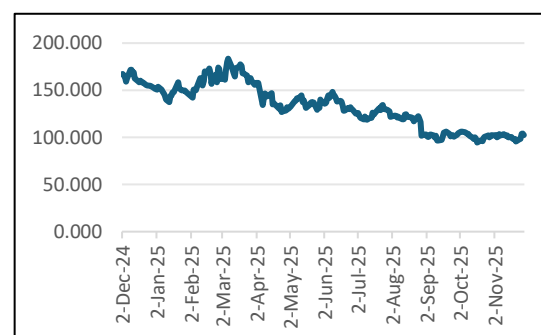
KEY DATA

Exchange: HKEX
Ticker: 3690
Current Price: HK\$102.5
52-Week Range: HK\$100.1- 217.0
Average Volume (3M): 65.68M
Shares Outstanding (MM): 6,120M
Market Capitalization (\$MM): 626,431M
Fiscal Year-End: December

FINANCIALS

In RMB Million	FY23A	FY24A	FY25E	FY26E
Revenue	276,745	337,592	365,367	408,523
Gross Profit	97,191	129,785	108,501	142,166
EBIT	13,415	36,845	-27,702	8,170
Non-IFRS	23,252	43,771	-17,681	15,900
Net Income				

PRICE PERFORMANCE



Facing rising competition in the in-store (IHT) business. Competition in in-store, hotel and travel (IHT) continues to intensify, driven by Amap's map-based discovery products and Douyin's commission-based traffic ecosystem. IHT GTV growth moderated to 18% in 3Q25 (vs. mid-to-high-20s in 2Q25). Management expects IHT GTV margins to decline further in 4Q25, before normalizing longer term toward the ~30% margin level. Meituan continues to differentiate itself through category mix, merchant scale, and strong user mind-share, supported by more than 25 billion authentic reviews. The company will continue optimizing the ecosystem (refined rating criteria), advancing technological tools (VR store tours, smart in-store ordering), and upgrading operations to defend long-term leadership.

Technology innovations and progress in AI. Meituan provided updates across its AI strategy: 1) AI Models: LongCat LLM (open-sourced), receiving strong user feedback. 2) AI Agents/Chatbots: Xiao Mei standalone chatbot and Wen Xiao Tuan within the Meituan App, supporting dining, accommodation, shopping, service comparisons and order placements. 3) Merchant Tools: Upgraded AI productivity tools for local merchants with customized business solutions. 4) Internal Efficiency: AI-assisted coding and workflow automation to improve operational efficiency.

Keeta accelerates global expansion in Hong Kong, Middle East, and Brazil.

Management highlighted that Keeta turned profitable in Hong Kong in Oct 2025, only 29 months after launch—faster than originally expected. Profitability is expected to continue improving QoQ. In the Middle East, Keeta is expanding rapidly across Saudi Arabia and newly launched regions including Qatar (Aug 2025) and Kuwait/UAE (Oct 2025). Management sees substantial opportunities given the region's diverse cultures and under-penetrated restaurant supply. Brazil also presents attractive potential as a top-5 global GTV market, with a uniquely high share of phone-based ordering. The company believes it can successfully replicate Mainland China's food delivery experience there. Management reiterated that New Initiatives losses for FY26 will not exceed FY25.

Rebound in market share among high-AOV orders. On the call, management emphasized Meituan's strong positioning in mid- to high-value orders, holding: ~67% GTV share for orders above RMB15; >70% GTV share for orders above RMB30. This underscores Meituan's brand strength among high-value users compared to competing platforms.

Valuation. Meituan trades at HK\$102.5/share, with a market cap of HK\$626.4bn. Consensus estimates for CY26 EBITDA stand at HK\$44.7bn, implying an 11.7x EV/EBITDA multiple versus peer average of 9.8x. The valuation premium has compressed due to heightened competition in food delivery, leading to higher subsidy and marketing spend and weighing on adjusted net income and EBITDA. As competitive pressure normalizes, we expect profitability to recover meaningfully, offering potential upside.

FINANCIALS AND VALUATION UPDATES

Figure 1: Meituan's Financials 2023 – 2026E.

Unit: RMB Million	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25	3Q25	4Q25E	2025E	2026E
Total revenues	276,745	73,277	82,251	93,577	88,486	337,592	86,557	91,840	95,488	91,481	365,367	408,523
Cost of revenues	-179,554	-47,579	-48,361	-56,823	-55,043	-207,807	-54,143	-61,426	-70,307	-70,990	-256,866	-266,357
Gross profit	97,191	25,697	33,890	36,754	33,444	129,785	32,414	30,414	25,181	20,492	108,501	142,166
Selling and marketing expenses	-58,617	-13,888	-14,832	-17,953	-17,301	-63,975	-15,550	-22,519	-34,267	-29,558	-101,893	-96,534
Research and development expenses	-21,201	-5,000	-5,340	-5,293	-5,420	-21,054	-5,772	-6,260	-6,937	-6,495	-25,464	-26,554
General and administrative expenses	-9,372	-2,298	-2,695	-2,798	-2,938	-10,729	-2,627	-2,679	-2,958	-2,836	-11,100	-11,030
Net provisions for impairment losses on financial and contract assets	-1,135	-175	-276	-275	-170	-898	-121	-19	-293	-119	-552	-940
Fair value changes of other financial investments at fair value through profit or loss	234	-517	-120	765	13	141	805	482	-390	-9	887	123
Other gains, net	6,315	1,392	631	2,486	-933	3,575	1,418	808	-96	-210	1,919	940
Operating profit/(loss)	13,415	5,209	11,257	13,685	6,693	36,845	10,566	226	-19,759	-18,735	-27,702	8,170
Other (loss) income:												
Finance income	819	280	344	313	354	1,292	491	508	513	366	1,879	1,512
Finance costs	-1,425	-322	-285	-262	-468	-1,337	-475	-430	-414	-393	-1,713	-1,593
Share of profits of investments accounted for using the equity method	1,213	314	341	214	316	1,186	18	89	10	238	355	1,226
Profit/(loss) before income tax	14,022	5,481	11,657	13,950	6,896	37,985	10,601	394	-19,650	-18,525	-27,181	9,314
Income tax (expenses)/credits	-165	-113	-305	-1,085	-674	-2,177	-544	-28	1,018	1,815	2,261	-484
Profit/(loss) for the year	13,857	5,369	11,352	12,865	6,222	35,808	10,057	365	-18,632	-16,710	-24,919	8,830
Non-controlling interests	2	0	0	0	0	1	0	0	0	0	1	1
Profit/(loss) for the year attributable to Equity holders of the Company	13,856	5,369	11,352	12,865	6,222	35,807	10,057	365	-18,632	-16,710	-24,921	8,829
Non-IFRS Adjustment Items and Minority Interest	9,395	2,119	2,254	-36	3,626	7,963	892	1,127	2,622	2,598	7,239	7,070
Non-IFRS Net income (loss) attributable to the company	23,252	7,488	13,606	12,829	9,849	43,771	10,948	1,493	-16,010	-14,112	-17,681	15,900

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

Company	Ticker	EV	EBITDA			EV/EBITDA			Category
			2024	2025E	2026E	2024	2025E	2026E	
DoorDash, Inc.	NasdaqGS:DASH	83,675	295	2,789	3,693	-	30.0x	22.7x	International Food Delivery Companies
Grab Holdings Limited	NasdaqGS:GRAB	17,343	-9	500	733	-	34.7x	23.6x	International Food Delivery Companies
Delivery Hero SE	XTRA:DHGR	7,963	-28	913	1,132	-	8.7x	7.0x	International Food Delivery Companies
Trip.com Group Limited	NasdaqGS:TCOM	38,845	2,059	2,643	3,112	7.5x	6.8x	5.9x	Hotel Booking Companies
Booking Holdings Inc.	NasdaqGS:BKNG	159,161	8,180	9,856	11,045	8.5x	7.8x	6.9x	Hotel Booking Companies
Airbnb, Inc.	NasdaqGS:ABNB	61,531	2,584	4,272	4,719	9.5x	8.8x	7.9x	Hotel Booking Companies
Alibaba Group Holding Ltd	NYSE:BABA	350,482	25,375	26,755	20,208	10.5x	9.8x	8.9x	China E-Commerce Companies
PDD Holdings Inc.	NasdaqGS:PDD	105,737	14,951	14,509	17,230	7.1x	7.3x	6.1x	China E-Commerce Companies
JD.Com Inc	NasdaqGS:JD	30,220	6,641	2,951	5,308	4.6x	10.2x	5.7x	China E-Commerce Companies
						Median	8.0x	8.8x	7.0x
						Mean	7.8x	12.9x	9.8x
Meituan	SEHK:3690	523,331	40,942	-12,972	44,659	12.8x	-	11.7x	

Notes:

1. Data as of 11/29/2025.
2. For US stock, EVs and EBITDAs are in US\$ Million; for H-share, EVs and EBITDAs are in HKD Million; for European stock, EVs and EBITDAs are in EUR Million.
3. EBITDAs are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

Chujie (Jack) Sun, CFA

Senior Research Analyst

Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

Yuecong (Marco) Zhang

Senior Research Analyst

Yuecong (Marco) Zhang is a Senior Research Analyst at Gelonghui Research. Marco previously held the position of Senior Research Analyst at Watertower Research, Executive Director at Valuable Capital Group's Investment Banking Department, Vice President at Guosen Securities (HK), and Senior Associate at Roth Capital Partners, where he completed more than 35 transactions, including IPOs, follow-on offerings, and M&A, with a total transaction value of more than US\$3.5 Billion+ for mid-cap companies from China and the US. During his time at Roth, he led six NASDAQ and NYSE IPOs for Chinese clients, with a total transaction value of more than US\$260 Million. Marco holds a B.S. in Financial Management from North China Electric Power University and an M.S. in Applied Finance from Pepperdine University.

DISCLOSURES

Gelonghui Research ("GLH") is a professional publisher of investment research reports on public companies and, to a lesser extent, private firms ("the Companies"). GLH provides investor-focused content and digital distribution strategies designed to help companies communicate with investors.

GLH is not a FINRA registered broker/dealer or investment adviser and does not provide investment banking services. This report is not disseminated in connection with any distribution of securities and is not an offer to sell or the solicitation of an offer to buy any security. GLH operates as an exempt investment adviser under the so called "publishers' exemption" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940. GLH does not provide investment ratings/recommendations or price targets on the companies it reports on. Readers are advised that the research reports are published and provided solely for informational purposes and should not be construed as an offer to sell or the solicitation of an offer to buy securities or the rendering of investment advice. The information provided in this report should not be construed in any manner whatsoever as personalized advice. All users and readers of GLH's reports are cautioned to consult their own independent financial, tax and legal advisors prior to purchasing or selling securities.

Statements included in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements". Such statements are based on expectations, estimates and projections at the time the statements are made and involve many risks and uncertainties such as competitive factors, technological development, market demand and the company's ability to obtain new contracts and accurately estimate net revenues due to variability in size, scope and duration of projects, and internal issues, which could cause actual results or events to differ materially from those presently anticipated.

The analyst who is principally responsible for the content of this report has represented that neither he/she nor members of his/her household have personal or business-related relationships to the subject company other than providing digital content and any ancillary services that GLH may offer. Unless otherwise indicated, GLH intends to provide continuing coverage of the covered companies. GLH will notify its readers through website postings or other appropriate means if GLH determines to terminate coverage of any of the companies covered.

GLH is being compensated for its research by the company which is the subject of this report. GLH may receive up to US\$200,000 in total within a year for research and potentially other services from a given client and is required to have at least a 1-year commitment. None of the earned fees are contingent on, and GLH's client agreements are not cancellable for the content of its reports. GLH does not accept any compensation in the form of warrants or stock options or other equity instruments that could increase in value based on positive coverage in its reports. GLH or an affiliate may seek to receive compensation for non-research services to covered companies, such as charges for presenting at sponsored investor conferences, distributing press releases, advising on investor relations and broader corporate communications and public relations strategies as well as performing certain other related services ("Ancillary Services"). The companies that GLH covers in our research are not required to purchase or use Ancillary Services that GLH or an affiliate might offer to clients.

The manner of GLH's potential research compensation and Ancillary Services to covered companies raise actual and perceived conflicts of interest. GLH is committed to manage those conflicts to protect its reputation and the objectivity of employees/analysts by adhering to strictly-written compliance guidelines. The views and analyses included in our research reports are based on current public information that we consider to be reliable, but no representation or warranty, expressed or implied, is made as to their accuracy, completeness, timeliness, or correctness. Neither we nor our analysts, directors, officers, employees, representatives, independent contractors, agents or affiliate shall be liable for any omissions, errors or inaccuracies, regardless of cause, foreseeability or the lack of timeliness of, or any delay or interruptions in the transmission of our reports to content users. This lack of liability extends to direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, losses, lost income, lost profit or opportunity costs. All investment information contained herein should be independently verified by the reader or user of this report. For additional information, all readers of this report are encouraged to visit GLH's website <https://www.gelonghui.com>.