

4FQ25 EARNINGS UPDATE

Alibaba Group Holding Limited

Cloud Momentum Accelerates; CMR Delivers Stronger-than-Expected Growth

SUMMARY

Generally in line with market expectations.

In 4FQ25, total revenue grew 6.6% YoY, slightly below the consensus estimate of 7.2%. CMR revenue rose 12%, beating consensus by 3%. Cloud Intelligence Group revenue increased 18% YoY, in line with Bloomberg consensus but below buy-side expectations of 20%. Total adjusted EBITA rose 36% YoY. Taobao and Tmall Group (TTG) adjusted EBITA grew 8% YoY, exceeding consensus by 6%. Capex in 4FQ25 was US\$3.39 billion, down 22% QoQ. FY2025 capex totaled US\$11.8 billion, accounting for 9% of revenue.

AI to drive cloud growth.

Alibaba Cloud is set to accelerate revenue growth, fueled by advances in generative AI. The company remains committed to open-source large language models (LLMs), launching the Qwen3 series on April 29. These include six dense models and two MoE (mixture-of-experts) models, achieving benchmark performance in hybrid reasoning. As of end-April 2025, the Tongyi Qianwen family had open-sourced over 200 models with 300 million global downloads and over 100,000 derivative models—now the world's largest open-source model ecosystem. Two major trends are emerging from AI-cloud integration:

1. AI adoption is expanding from internal operations to user-facing applications among mid-to-large enterprises.
2. AI use is widening to include small and medium-sized businesses (SMEs).

In 4FQ25, Alibaba's AI solutions gained traction across sectors including internet, smart mobility, finance, e-commerce, agriculture, and manufacturing. Notably, ICBC adopted Alibaba Cloud's distributed database as its enterprise-wide standard—underscoring the platform's credibility with top-tier financial institutions.

Solid performance in TTG segment.

TTG revenue/EBITA reached US\$101 billion/US\$42 billion in 4FQ25, up 9%/8% YoY. CMR revenue grew 12%, driven by a service fee increase to 0.6% and deeper penetration of Full Site Promotion. Two key drivers are expected to support CMR growth in FY2026:

1. A low base from legacy fee waivers will phase out, raising the effective take rate.
2. Full Site Promotion is progressing as planned, converting previously non-advertising SMEs and white-label sellers into ad customers—boosting incremental ad revenue and take rate uplift.

Enhanced shareholder returns.

The company repurchased 51 million ADSs for US\$0.6 billion in 4FQ25, totaling 150 million ADSs for US\$12 billion in FY2025. A total dividend of US\$2 per ADS was declared, comprising a regular dividend of US\$1.05 and a special dividend of US\$0.95—up from US\$1.70 per ADS in FY2024 (US\$1.00 regular + US\$0.66 special).

Valuation suggests upside.

Alibaba trades at US\$123.90 per ADS with an enterprise value of US\$266 billion. Consensus EBITDA estimates for 2025 and 2026 are US\$32.0 billion and US\$35.9 billion, implying EV/EBITDA multiples of 8.3x and 7.4x. In contrast, peers are trading at 17x and 13x for the same periods, indicating meaningful upside potential for Alibaba's valuation.

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KEY DATA

Exchange: NASDAQ, HKEX
Ticker: BABA, HK:9988
Current Price: \$123.90
52-Week Range: \$71.80-\$148.43
Average Volume (3M): 28.33M
Shares Outstanding (MM): 2,376
Market Capitalization (\$MM): \$295,549
Fiscal Year-End: March

FINANCIALS

| In US\$M | FY24A | FY25A | FY26E | FY27E |
|--------------|---------|---------|---------|---------|
| Revenue | 129,695 | 137,299 | 150,498 | 163,762 |
| Gross Profit | 48,899 | 54,854 | 59,317 | 65,341 |
| EBIT | 15,620 | 19,417 | 22,438 | 22,501 |
| Non GAAP | | | | |
| Net Income | 22,860 | 22,271 | 23,750 | 23,891 |

PRICE PERFORMANCE



FINANCIALS AND VALUATION UPDATES

Figure 1: Alibaba's Financials 2024 – 2027E.

| Unit: Million USD | FY2024 | 1FQ25 | 2FQ25 | 3FQ25 | 4FQ25 | FY2025 | 1Q26E | 2Q26E | 3Q26E | 4Q26E | FY2026E | FY2027E |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Ending in | Mar-24 | | | | | Mar-25 | | | | | Mar-26 | Mar-27 |
| Revenue | 129,695 | 33,519 | 32,591 | 38,606 | 32,584 | 137,299 | 36,536 | 35,931 | 42,213 | 35,817 | 150,498 | 163,762 |
| Cost of revenue | -80,797 | -20,134 | -19,848 | -22,396 | -20,068 | -82,445 | -21,958 | -21,882 | -26,172 | -21,168 | -91,181 | -98,421 |
| Gross Profit | 48,899 | 13,385 | 12,743 | 16,210 | 12,516 | 54,854 | 14,578 | 14,049 | 16,041 | 14,649 | 59,317 | 65,341 |
| Product development expenses | -7,201 | -1,843 | -1,954 | -2,020 | -2,058 | -7,876 | -1,900 | -1,904 | -2,195 | -1,891 | -7,890 | -9,171 |
| Sales and marketing expenses | -15,867 | -4,506 | -4,475 | -5,881 | -4,986 | -19,846 | -4,750 | -4,887 | -5,192 | -4,979 | -19,807 | -23,189 |
| General and administrative expenses | -5,786 | -1,830 | -1,347 | -1,495 | -1,424 | -6,096 | -1,936 | -2,048 | -2,406 | -1,845 | -8,235 | -9,498 |
| Amortization and impairment of intangible assets | -2,975 | -247 | -227 | -284 | -115 | -873 | -256 | -252 | -295 | -143 | -946 | -983 |
| Impairment of goodwill | -1,450 | 0 | 0 | -850 | 0 | -850 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other gains, net | 0 | 0 | 117 | 0 | 0 | 105 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Operating Income (Expenses) - Net | -11,626 | -2,090 | -2,064 | -3,155 | -2,173 | -9,494 | -2,156 | -2,156 | -2,491 | -2,034 | -8,837 | -10,153 |
| Income from operations | 15,620 | 4,959 | 4,857 | 5,678 | 3,923 | 19,417 | 5,736 | 4,959 | 5,952 | 5,792 | 22,438 | 22,501 |
| Interest and investment income, net | -1,373 | -204 | 2,564 | 1,536 | -1,036 | 2,861 | 877 | 1,401 | 1,689 | -1,146 | 2,821 | 3,308 |
| Interest expense | -1,095 | -302 | -334 | -342 | -344 | -1,322 | -146 | -359 | -380 | -394 | -1,279 | -1,638 |
| Other income, net | 848 | 35 | -204 | 632 | 3 | 467 | 110 | -72 | 675 | 3 | 716 | 491 |
| Income before income tax and share of results of equity method investees | 14,000 | 4,490 | 6,883 | 7,504 | 2,546 | 21,422 | 6,577 | 5,929 | 7,936 | 4,254 | 24,696 | 24,663 |
| Income tax expenses | -3,105 | -1,387 | -1,017 | -1,536 | -944 | -4,884 | -1,611 | -883 | -1,309 | -1,119 | -4,923 | -4,686 |
| Share of results of equity method investees | -1,066 | 207 | 135 | 431 | 49 | 822 | 219 | 144 | 464 | 54 | 881 | 983 |
| Net income | 9,830 | 3,310 | 6,001 | 6,399 | 1,650 | 17,360 | 5,184 | 5,189 | 7,091 | 3,189 | 20,654 | 20,959 |
| Non-GAAP Adjustment Items and Minority Interest | 13,030 | 2,331 | -924 | 984 | 2,519 | 4,911 | 1,081 | 347 | 145 | 1,524 | 3,096 | 2,931 |
| Non-GAAP net income attributable to ordinary shareholders | 22,860 | 5,641 | 5,077 | 7,383 | 4,169 | 22,271 | 6,265 | 5,536 | 7,236 | 4,713 | 23,750 | 23,891 |

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

| Company | Ticker | EBITDA | | | | EV/EBITDA | | | Category |
|---------------------------|---------|-----------|---------|---------|---------|-----------|-------|-------|---------------------------|
| | | EV | 2025 | 2026E | 2027E | 2025 | 2026E | 2027E | |
| Amazon.com Inc | AMZN.O | 2,295,476 | 161,847 | 191,479 | 224,177 | 14.2x | 12.0x | 10.2x | U.S. E-Commerce Companies |
| eBay Inc | EBAY.O | 34,262 | 3,276 | 3,430 | 3,581 | 10.5x | 10.0x | 9.6x | U.S. E-Commerce Companies |
| Shopify Inc | SHOP.K | 139,323 | 1,864 | 2,487 | 3,634 | - | 56.0x | 38.3x | U.S. E-Commerce Companies |
| Meta Platforms Inc | META.O | 1,637,136 | 111,539 | 130,357 | 151,664 | 14.7x | 12.6x | 10.8x | U.S. Internet Companies |
| Alphabet Inc | GOOGL.O | 1,947,755 | 172,075 | 195,227 | 221,642 | 11.3x | 10.0x | 8.8x | U.S. Internet Companies |
| Microsoft Corp | MSFT.O | 3,391,897 | 155,466 | 178,385 | 205,090 | 21.8x | 19.0x | 16.5x | U.S. Internet Companies |
| PDD Holdings Inc. | PDD.O | 122,623 | 18,017 | 22,428 | 25,692 | 6.8x | 5.5x | 4.8x | Asia E-Commerce Companies |
| JD.Com Inc | JD.O | 36,785 | 7,544 | 8,639 | 9,881 | 4.9x | 4.3x | 3.7x | Asia E-Commerce Companies |
| Sea Ltd | SE.N | 92,439 | 3,149 | 4,144 | 5,082 | 29.4x | 22.3x | 18.2x | Asia E-Commerce Companies |
| | | | | | | Median | 12.3x | 12.0x | 10.2x |
| | | | | | | Mean | 14.2x | 16.8x | 13.4x |
| Alibaba Group Holding Ltd | BABA.N | 266,156 | 21,141 | 32,017 | 35,953 | 12.6x | 8.3x | 7.4x | |

Notes:

1. Data as of 05/16/2025.

2. EVs and EBITDAs are in US\$ Million.

3. EBITDAs are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

ABOUT THE ANALYSTS

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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.

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