2Q26 EARNINGS UPDATE

Meituan

Competitive Landscape Moderates, Core Profit Recovery with UE Improvement

KEY POINTS

Beat market expectations. In 2Q26, Meituan reported revenue of RMB104.6bn, up 13.9% YoY and 4% ahead of Bloomberg consensus, while adjusted net profit of RMB2.5bn came in well ahead of consensus of RMB317mn. The revenue beat was mainly driven by: (1) Core Local Commerce revenue coming in 5% above consensus, aided by more benign-than-expected competition in the food delivery business;(2) New Initiatives revenue exceeding consensus by 2%. The earnings beat was supported by: (1) ~5ppt OPM beat in the in-store business, as Meituan maintained a disciplined and efficient subsidy strategy alongside an efficiency focused operating approach; (2) stronger-than-expected operating efficiency gains in New Initiatives; (3) better-than-expected UE improvement in the FD business.

Core local commerce revenue beat and profit in-line with market expectations. We estimate 3Q26 total on-demand order volume (food delivery + Instashopping) came in at -5% yoy on a high base, and expect 3Q26E food delivery/Instashopping order growth to be at -8%/+17% yoy, with CLC 3Q26 operating profit of Rmb4.2bn.

1.Food delivery (we estimate 2Q26 EBIT per order came at Rmb0.3 vs. Market expectation at breakeven; we expect unit economics to decline sequentially to Rmb0.1 for 3Q26E/at -Rmb0.1 for FY26E): We estimate food delivery + instashopping losses came in at Rmb1bn, compared with Alibaba Quick Commerce's losses of -Rmb10bn over the same period. The company continued to sustain clear leadership in order/GTV share, helped by its higher-quality user base and stronger mid-to-high AOV order mix between the top two players.

2.Instashopping (flat loss qoq in 2Q26): Meituan maintained c.60% order/GTV share in native 30-minute instashopping scenario, with losses flat sequentially. For 3Q26/FY26E, we now estimate 17%/21% Instashopping volume growth (prior: 21%/21%) and -Rmb-0.4/-Rmb0.4 EBIT per order (prior: -Rmb0.7/-Rmb0.6).

3.In-store, hotel and travel (2Q26 EBIT margin beat on strategic focus and better-than-expected in-store dining margins): 2Q26 IHT GTV growth moderated to high-single-digits % (from low-teens in 1Q26) and we estimate EBIT margin improved to c.30% sequentially on the back of the company's strategic focus on high-quality scenarios. Meituan's IHT continues to differentiate through category mix, content/review system and user experience.

August 31, 2026

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

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

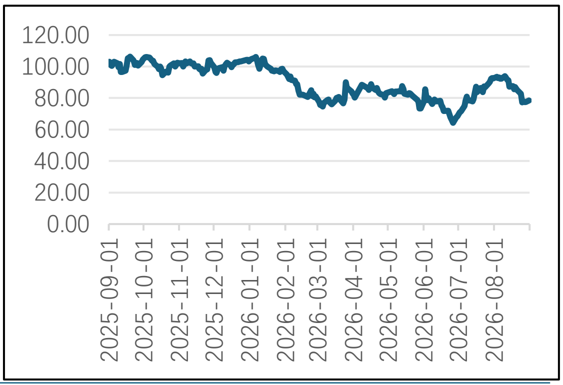
KEY DATA

Exchange: HKEX
Ticker: 1024
Current Price: HK$78.40
52-Week Range: HK$63.65 - 122.90
Average Volume (3M): 55.16 M
Shares Outstanding (MM): 6,175 M
Market Capitalization ($MM): 484,157 M
Fiscal Year-End: December

FINANCIALS

In RMB Million	FY24A	FY25A	FY26E	FY27E
Revenue	337,592	364,855	415,934	461,687
Gross Profit	129,785	111,009	128,108	152,357
EBIT	36,845	-25,041	-6,239	16,621
Non-IFRS Net Income	43,771	-18,649	2,275	24,659

PRICE PERFORMANCE



New initiatives revenue inline and profit beat. New initiatives revenue came broadly in-line at Rmb33bn (+25% yoy, 2% above market expectation) on the growth of Xiaoxiang and overseas Keeta business, despite the impact of discontinuation for Meituan Select. EBIT loss narrowing outpaced expectation at -Rmb1.7bn (vs. consensus of -Rmb2.4bn), reflecting efficiency gains across domestic and overseas businesses. During the 2Q26 conference call, management provided the following updates: (1) Keeta: The Hong Kong market has achieved stable profitability, while operating efficiency in the Middle East continues to improve (with the Saudi Arabian market turning profitable in July 2026). Management expressed strong confidence in the long-term potential of the Brazilian market. (2) Xiaoxiang Supermarket is accelerating its market expansion, and the contribution of private-label products to GMV has further increased.

Progress around technology/AI. Meituan prioritized using AI to enhance workflows and user/merchant experience rather than as a standalone business, with LongCat 2.0 and full-stack domestic training/inference infrastructure providing long-term cost advantages. The company reiterated a disciplined investment approach across LLM, AI agents for work and AI-powered products (in-app Xiaotuan and partnership with Tencent), with limited intention in pursuing SOTA-level model performance or token monetization.

Amid more benign industry competition, steady path on an improvement cycle. As the food-delivery subsidy war tapers off, Meituan is entering a favorable improvement cycle, evidenced by both accelerating revenue growth and progressive profit unlocking. Meituan's stock is currently trading at HK$78.40 per share, with a diluted EPS of RMB4.12 in 27E, corresponding to 16x P/E. This compares to the peer group, which is trading at 21x P/E.

FINANCIALS AND VALUATION UPDATES

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

Unit: RMB Million	2024	2025	2026E	2027E
Total revenues	337,592	364,855	415,934	461,687
Cost of revenues	-207,807	-253,846	-287,827	-309,330
Gross profit	129,785	111,009	128,108	152,357
Selling and marketing expenses	-63,975	-102,934	-98,285	-99,863
Research and development expenses	-21,054	-25,998	-27,036	-28,163
General and administrative expenses	-10,729	-11,916	-11,230	-10,157
Net provisions for impairment losses on financial and contract assets	-898	-872	-957	-1,062
Fair value changes of other financial investments at fair value through profit or loss	141	2,393	957	1,062
Other gains, net	3,575	3,278	2,204	2,447
Operating profit/(loss)	36,845	-25,041	-6,239	16,621
Other (loss) income:				
Finance income	1,292	2,012	2,080	2,308
Finance costs	-1,337	-1,887	-1,622	-1,801
Share of profits of investments accounted for using the equity method	1,186	79	1,040	1,154
Profit/(loss) before income tax	37,985	-24,838	-4,742	18,283
Income tax (expenses)/credits	-2,177	1,483	284	-1,097
Profit/(loss) for the year	35,808	-23,354	-4,457	17,186
Non-IFRS Adjustment Items and Minority Interest	7,963	4,705	6,732	7,473
Non-IFRS Net income (loss) attributable to the company	43,771	-18,649	2,275	24,659

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

				Diluted EPS			P/E			
Company	Ticker	Market Cap	Share Price	2025	2026E	2027E	2025	2026E	2027E	Category
DoorDash, Inc.	NasdaqGS:DASH	102,579	236.74	2.13	5.79	8.14	111.1x	40.9x	29.1x	International Food Delivery Companies
Grab Holdings Limited	NasdaqGS:GRAB	14,724	3.61	0.06	0.14	0.16	60.2x	25.8x	22.6x	International Food Delivery Companies
Delivery Hero SE	XTRA:DHER	11,254	37.05	-2.62	-0.07	0.77	-	-	48.1x	International Food Delivery Companies
Trip.com Group Limited	NasdaqGS:TCOM	28,557	45.35	6.82	3.62	4.24	6.6x	12.5x	10.7x	Hotel Booking Companies
Booking Holdings Inc.	NasdaqGS:BKNG	154,506	205.63	6.62	10.45	12.38	31.1x	19.7x	16.6x	Hotel Booking Companies
Airbnb, Inc.	NasdaqGS:ABNB	113,428	189.43	4.04	5.29	6.19	46.9x	35.8x	30.6x	Hotel Booking Companies
Alibaba Group Holding Ltd	NYSE:BABA	295,541	118.90	7.39	6.38	6.65	16.1x	18.6x	17.9x	China E-Commerce Companies
PDD Holdings Inc.	NasdaqGS:PDD	121,971	85.69	9.44	10.34	12.43	9.1x	8.3x	6.9x	China E-Commerce Companies
JD.Com Inc	NasdaqGS:JD	38,627	28.74	1.84	3.39	4.23	15.6x	8.5x	6.8x	China E-Commerce Companies
						Median	23.6x	19.2x	17.9x	
						Mean	33.8x	21.3x	21.0x	
Meituan	SEHK:3690	484,157	78.40	-4.4	-0.6	4.8	-	-	16.3x	

Notes:
1. Data as of 8/31/2026.
2. For US stocks, market cap, share price and EPS are in US$ Million; for European Stocks, market cap, share price and EPS are in € Million
3. Diluted EPS are estimates provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

ABOUT THE ANALYSTS

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.