



Model updated: 07 May 2015

Running the numbers

Asia

China

Software & Services

Alibaba

Reuters: BABA.N

Bloomberg: BABA US

Buy

Price (6 May 15) USD 80.00

Target Price USD 104.00

52 Week range USD 79.54 - 119.15

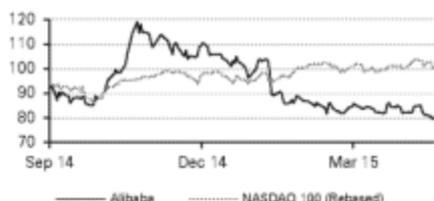
Market Cap (m) EURm 167,983

USDm 190,720

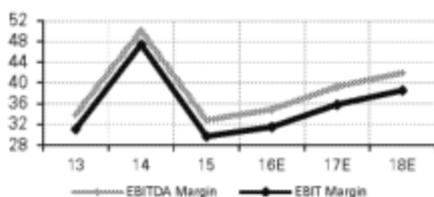
Company Profile

Founded in 1999, Alibaba leads the China retail market through Taobao (the largest online shopping platform in China based on GMV), Tmall (the largest 3rd party platform for retailers/brands in terms of GMV) and Juhuasuan (a leading China group buying platform). The company caters to global wholesale market through Alibaba.com and China wholesale market through 1688.com. Alibaba also serves the global consumer market place via, AliExpress and also provides cloud computing services such as data mining, processing and storage.

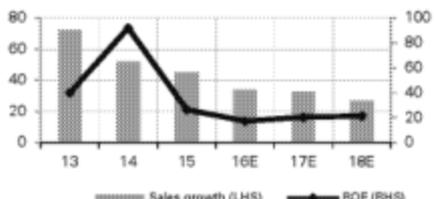
Price Performance



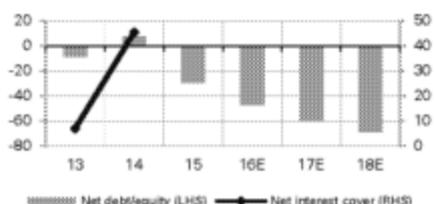
Margin Trends



Growth & Profitability



Solvency



Alan Hellawell III

Fiscal year end 31-Mar

	2013	2014	2015	2016E	2017E	2018E
Financial Summary						
DB EPS (CNY)	5.76	11.80	12.76	17.86	24.06	30.40
Reported EPS (CNY)	3.52	9.90	9.27	10.51	16.37	22.30
DPS (CNY)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (CNY)	4.6	18.3	56.6	71.9	95.0	123.8
Weighted average shares (m)	2,294	2,175	2,425	2,521	2,552	2,606
Average market cap (CNYm)	na	na	1,444,860	1,182,321	1,182,321	1,182,321
Enterprise value (CNYm)	na	na	1,343,168	1,031,757	968,085	886,373
Valuation Metrics						
P/E (DB) (x)	na	na	46.7	27.8	20.6	16.3
P/E (Reported) (x)	na	na	64.3	47.2	30.3	22.2
P/BV (x)	0.00	0.00	9.11	6.97	5.28	4.05
FCF Yield (%)	na	na	2.9	3.6	4.9	6.2
Dividend Yield (%)	na	na	0.0	0.0	0.0	0.0
EV/Sales (x)	nm	nm	17.8	10.1	7.2	5.2
EV/EBITDA (x)	nm	nm	53.7	29.0	18.2	12.3
EV/EBIT (x)	nm	nm	59.3	32.1	20.0	13.4

Income Statement (CNYm)

Sales revenue	34,517	52,504	76,204	101,997	135,293	171,735
Gross profit	25,473	40,159	52,510	72,167	97,558	125,610
EBITDA	11,731	26,303	25,030	35,582	53,186	72,058
Depreciation	675	1,024	140	716	2,099	3,921
Amortisation	305	359	2,245	2,715	2,592	1,898
EBIT	10,751	24,920	22,645	32,151	48,495	66,239
Net interest income/(expense)	-1,533	-547	6,705	1,380	2,843	4,807
Associates/affiliates	-6	-203	-1,590	-1,293	-1,422	-1,299
Exceptionals/extraordinary	0	0	0	0	0	0
Other pre-tax income/(expense)	894	2,429	2,488	4,453	6,778	9,044
Profit before tax	10,112	26,802	31,836	37,964	58,116	80,090
Income tax expense	1,457	3,196	6,416	9,122	13,295	18,484
Minorities	117	88	59	65	71	79
Other post-tax income/(expense)	-128	-239	-405	0	0	0
Net profit	8,404	23,076	23,366	27,484	43,328	60,229
DB adjustments (including dilution)	5,348	4,446	8,788	19,236	20,347	21,882
DB Net profit	13,752	27,522	32,154	46,720	63,675	82,111

Cash Flow (CNYm)

Cash flow from operations	14,476	26,379	49,288	52,463	71,402	90,850
Net Capex	-2,202	-4,776	-7,620	-7,650	-8,794	-10,304
Free cash flow	12,274	21,603	41,667	44,813	62,608	80,546
Equity raised/(bought back)	-28,349	-3,425	62,319	0	0	0
Dividends paid	0	0	0	0	0	0
Net inc/(dec) in borrowings	26,932	12,789	23,000	0	-30,000	0
Other investing/financing cash flows	2,682	-28,318	-61,524	-2,040	-2,706	-3,435
Net cash flow	13,539	2,649	65,462	42,773	29,902	77,112
Change in working capital	5,964	4,682	8,151	2,248	2,965	2,842

Balance Sheet (CNYm)

Cash and other liquid assets	34,083	37,966	98,507	141,280	171,182	248,294
Tangible fixed assets	3,808	5,581	10,992	15,211	19,314	23,799
Goodwill/intangible assets	13,523	15,359	44,589	41,874	39,282	37,384
Associates/investments	5,341	30,340	62,377	65,297	69,139	73,817
Other assets	7,031	22,303	11,387	9,774	11,508	13,405
Total assets	63,786	111,549	227,852	273,437	310,426	396,699
Interest bearing debt	33,101	41,075	58,055	54,811	24,811	24,811
Other liabilities	19,639	29,656	31,422	36,181	42,015	47,998
Total liabilities	52,740	70,731	89,477	90,992	66,826	72,809
Shareholders' equity	10,509	39,739	137,237	181,242	242,325	322,538
Minorities	537	1,079	1,138	1,203	1,274	1,353
Total shareholders' equity	11,046	40,818	138,375	182,445	243,599	323,891
Net debt	-982	3,109	-40,452	-66,469	-146,371	-223,483

Key Company Metrics

Sales growth (%)	72.4	52.1	45.1	33.8	32.6	26.9
DB EPS growth (%)	141.4	105.0	8.1	40.0	34.7	26.4
EBITDA Margin (%)	34.0	50.1	32.8	34.9	39.3	42.0
EBIT Margin (%)	31.1	47.5	29.7	31.5	35.8	38.6
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0	0.0
ROE (%)	40.0	91.8	26.4	17.3	20.5	21.3
Capex/sales (%)	7.3	9.1	10.0	7.5	6.5	6.0
Capex/depreciation (x)	3.1	3.6	3.4	2.2	1.9	1.8
Net debt/equity (%)	-8.9	7.6	-29.2	-47.4	-60.1	-69.0
Net interest cover (x)	7.0	45.6	nm	nm	nm	nm

Source: Company data, Deutsche Bank estimates