



production. We note that there has been a tremendous amount of discussion around online video industry consolidation over the past several days, which has sent pure-play video stocks through significant share price gyrations.

Valuation and risks

Maintain TP of US\$239 and Buy rating

Our target price of US\$239 is based on 1) 1.0x PEG, 2) non-GAAP FY15E EPS of US\$7.99 and 3) FY15-17E EPS CAGR of 30%.

Key downside risks:

- Execution risk in mobile monetization
- Decline in traffic growth and market share due to intensifying competition
- Slowdown in online advertising market growth
- Larger-than-expected investment in mobile and new initiatives