



DECEMBER 2020

# ALIBABA

CIMK Company Profile  
2020

CIMK



# SUMMARY ALIBABA

Alibaba Group provides online and mobile commerce businesses in China and internationally. The company was founded in 1999 and is based in Hangzhou (China).

They provide the technology infrastructure, marketing reach, and logistics to help merchants, brands, and other businesses do eCommerce for all kinds of customers. Thereby they are the clear market leader in China with a market share of more than 50%.

It is also a technology company that offers a leading cloud computing service while also implementing top-notch big data analytics and AI algorithms in all of their other businesses. They are also the largest mobile payment provider in China, which is highly profitable and helps get more customer data. The organization Alibaba offers different services and products in the following five different fields.

- 1 Core Commerce
- 2 Cloud Computing
- 3 Digital Media and Entertainment
- 4 Innovation Initiatives and Others.
- 5 Ant Group

# EVALUATION ALIBABA

We evaluate the multilayered company based on three different dimensions.



## Chances

- Very high operative synergy effects between business units
- Extensive eCommerce portfolio inside and outside of China enables growth in different markets
- Finance structure of Alibaba allows extensive M&A activities of competitors or supplementing companies

## Risks

- Alibaba is still highly dependent on the Chinese market
- Problems with the Chinese government at different times
- Potential Anti-monopoly problems
- Investments barrier and trade wars can prevent global growth
- Softbank owns 24.95% of all shares and has a larger influence on the company

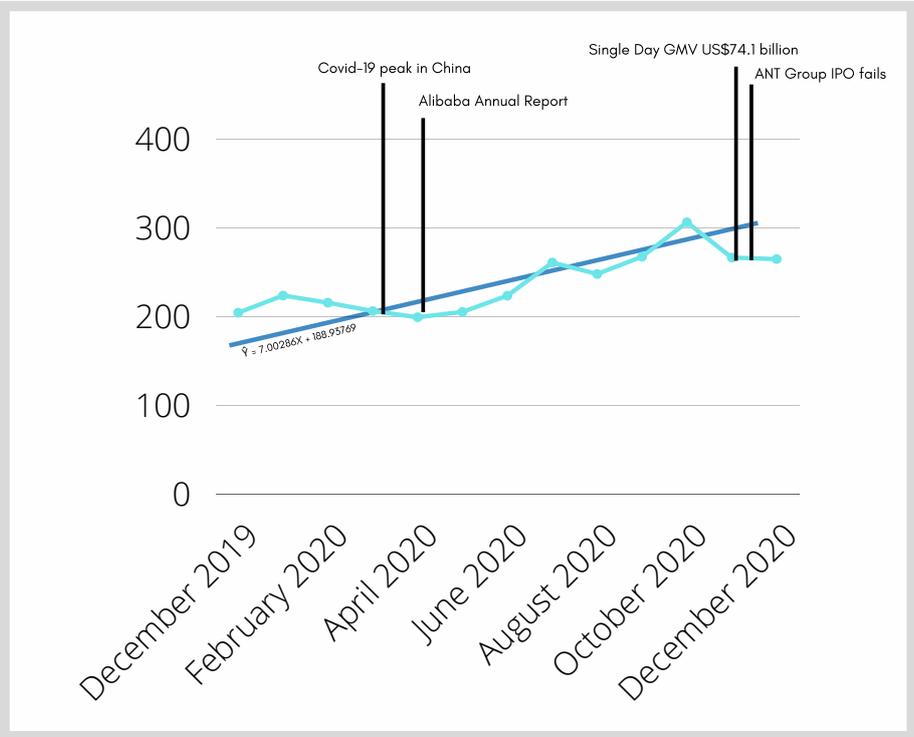


## Competitive Position

- Market Leader in the Chinese eCommerce market
- Leader in the Chinese cloud business
- South East eCommerce market leader with Lazada
- Mobile Payment leader in China together with Tencent's WeChat Pay
- They are not market leaders in the content creation
- Their logistics network Cainiao also follows a platform approach and is well-positioned in China

# STOCK MARKET PERFORMANCE

(21 December)

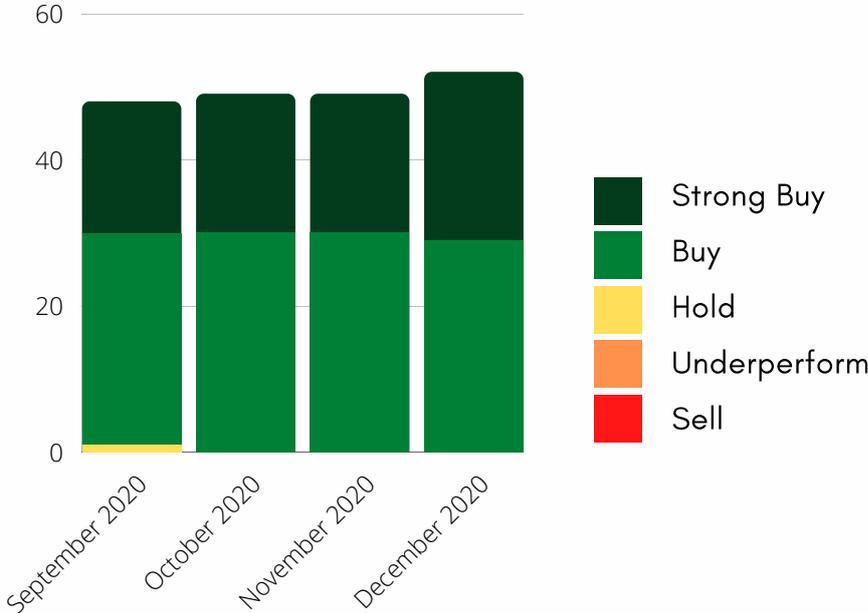


**Summary**

Current Price: 260.43  
 Market Cap: 714.81B  
 EPS: 9.31  
 PE Ratio: 27.97  
 Price/Sales: 7.92  
 Price/Book: 5.37  
 52 Week Range: 169.95 - 319.32  
 Volume: 10,368,267  
 Earnings Date: Feb 10, 2021 - Feb 14, 2021

Shares Outstanding: 2.71B  
 % Held by Institutions: 43.94%

**Analyst Recommendation**



**Liste at**

**NYSE**  
 New York Stock Exchange  
 (BABA)

**HKEX**  
 香港交易所  
 Hong Kong Stock Exchange  
 (9988.HK)

**Take Away** Alibaba's stock has risen in 2020 with two heavy dropdowns in February, and November which can be explained by Covid-19 and the failed IPO of Ant Group. The market cap is high, but there is still potential growth.

# FINANCIAL PERFORMANCE

## Annual Performance

(31.03.2020)

### General Financial Numbers

(in \$1,000)

#### Income Statement

		Growth
Total Revenue	\$71,860,000	28.14%
Gross Profit	\$32,051,000	26.76%
Operating Income	\$12,890,000	51.75%
Net Income	\$21,067,000	61.08%

#### Balance Statement

Cash and Cash Equivalents	\$48,777,000	65.13%
Long-Term Investments	\$49,479,000	37.65%
Total Assets	\$185,107,000	28.89%
Total Current Liabilities	\$34,100,000	10.34%
Total Liabilities	\$77,326,000	11.51%
Total Equity	\$106,498,000	45.38%

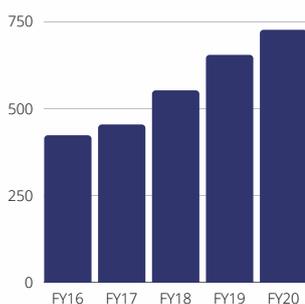
#### Cash Flow Statement

Net Cash Flow	\$20,793,000	61.08%
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### Industry-Specific Financial Numbers

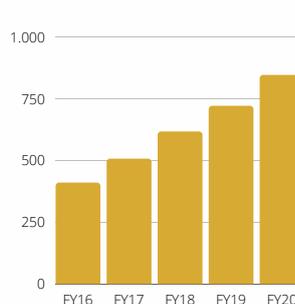
#### Annual Consumers on their China Retail Marketplaces

(in Million)



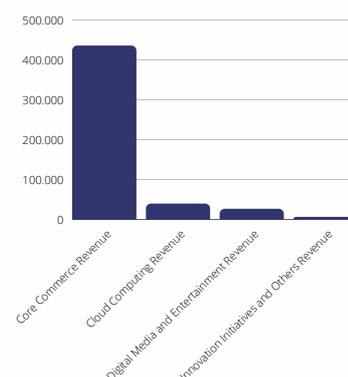
#### Mobile Monthly Active Users

(in Million)



#### Revenue per Company Segment

(in Million RNB)



**General Financial Numbers**

(in \$1,000)

**Income Statement**

		Growth
Total Revenue	\$22,838,000	30%
Gross Profit	-	-
Operating Income	\$2,008,000	33%
Net Income	\$3,907,000	63%

**Balance Statement**

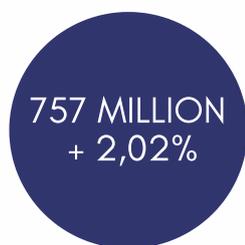
Cash and Cash Equivalents	\$44,407,000	-8.77%
Long-Term Investments	\$30,848,000	10.45%
Total Assets	\$211,150,000	9.81%
Total Current Liabilities	\$38,727,000	8.71%
Total Liabilities	\$66,632,000	4.4%
Total Equity	\$143,335,000	11.79%

**Cash Flow Statement**

Free cash flow	\$5,971	32.97%
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**Industry-Specific Financial Numbers**

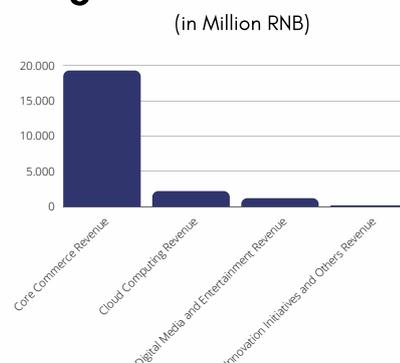
**Annual Consumers on their China Retail Marketplaces**



**Mobile Monthly Active Users**



**Revenue per Company Segment**



**Take Away**

Alibaba continues to grow in nearly all business units. The number of monthly active users also still grows strongly. The whole Chinese and cross-border eCommerce unit is still responsible for more than 85% of all revenue.

# ORGANIZATION & PRODUCTS

The Alibaba Group can be divided into 5 different business units



- Core Commerce
- Cloud Computing
- Digital Media and Entertainment
- Innovation Initiatives
- Ant Group

In all of these business units, Alibaba offers different brands or products described in the following pages.

## 1. Core Commerce

### 1.1 Retail Commerce



Through the Taobao app and the website at [www.taobao.com](http://www.taobao.com), the Taobao Marketplace is designed as the starting point and destination portal for the shopping journey. Consumers from both large cities and less developed areas come to Taobao Marketplace to enjoy an engaging, personalized shopping experience, optimized by our big data analytics and technology. Through highly relevant and engaging content and real-time updates from merchants, consumers can learn about products and new trends. They can also interact with each other and their favorite merchants and key opinion leaders. Taobao Marketplace has a broad offering of interactive features such as live broadcasts and short-form videos. Taobao Marketplace is China's largest mobile commerce destination with a large and growing social community in terms of GMV for the twelve months ended March 31, 2020, according to Analysys. In September 2020, they launched a new Taobao app interface to deliver a more immersive user experience, such as expanding the recommendation feed section on the landing page and making product displays more accessible.



Tmall caters to consumers' ever-growing demand for high-quality products and a premium shopping experience. A large number of international and Chinese brands and retailers have established storefronts on Tmall. Alibaba has positioned Tmall as a trusted platform for consumers in China and overseas to buy both homegrown and international branded products as well as products not available in traditional retail outlets. As the brands and offerings on Tmall continue to grow and diversify, they continue to improve the ability to target and meet different consumer demands accurately. In the twelve months ended March 31, 2020, Tmall was the largest third party online and mobile commerce platform for brands and retailers in the world in terms of GMV, according to Analysys, and continues to grow quickly. Tmall online physical goods GMV, excluding unpaid orders, grew 21% year-over-year during the September 2020 quarter.



Freshippo is a proprietary grocery retail chain, exemplifies the creation of a new shopping experience through the convergence of online and offline activities by using retail stores to warehouse and fulfill online orders, in addition to offering a rich experience for customers who shop in-store. Its proprietary fulfillment system enables 30-minute delivery to customers living within a three-kilometer radius of a Freshippo store. Freshippo offers a mobile app that allows consumers to search for products and place orders while browsing in store. As of March 31, 2020, we had 207 self-operated Freshippo stores, primarily located in tier-one and tier-two cities in China. For the twelve months ended September 30, 2020, annual active consumers for Freshippo reached over 26 million.



Taoxianda, an online-offline retail integration service solution for FMCG and grocery retail partners with physical stores, puts them at the forefront of transforming the retail industry by digitalizing all aspects of store-based operations. By digitalizing Sun Art's hypermarket stores, Taoxianda has contributed to an increase in Sun Art's online revenue. In addition, Taoxianda continued to sign up new grocery partners and had enabled the digitalization of 320 offline retail stores of these partners as of March 31, 2020.



They also operate Tmall Supermarket to implement various New Retail initiatives across comprehensive FMCG categories. Tmall Supermarket utilizes both marketplace and retail models to offer consumers a broad range of high-quality daily necessities. By leveraging its technology capabilities and user insights, Tmall Supermarket facilitates its offline partners' digital transformation, enhancing its supply chain management capabilities and consumer behavior analysis.



Alibaba Health is their flagship vehicle for bringing innovative solutions to the pharmaceutical and healthcare industries. Alibaba Health engages in pharmaceutical and healthcare product sales business, establishes Internet healthcare platforms, and explores digital health using cloud computing and big data technologies.



## 1.2 Wholesales Commerce



1688.com, China's leading integrated domestic wholesale marketplace in 2019 by revenue, according to Analysys, provides sourcing and online transaction services by connecting manufacturers and wholesale sellers to wholesale buyers in China. They typically trade in apparel, general merchandise, accessories, home decoration, furnishing materials, and packaging materials. Sellers may purchase a China TrustPass membership for an annual subscription fee to list items on 1688.com, reach customers, provide quotations and transact on the marketplace without any additional charges. As of March 31, 2020, 1688.com had approximately 900,000 paying members.



Lingshoutong helps FMCG brands and their distributors connect directly with small retailers, primarily mom-and-pop stores, in China, by facilitating the digitalization of small retailers. With Lingshoutong's commerce technologies and data insights, FMCG brands and distributors can distribute their products to small retailers efficiently, and small retailers can offer broader selections of FMCG products to their customers, digitalize their offline operations, gain access to digital financing services facilitated by Ant Group and expand their scope of business, such as the delivery of groceries to their consumers.



### 1.3 Retail Commerce Cross-border & global



They operate Lazada, a leading and fast-growing eCommerce platform in Southeast Asia for SMEs, regional and global brands. Lazada provides consumers with access to a broad range of offerings, serving over 70 million unique consumers in the twelve months ended March 31, 2020. We also believe Lazada runs one of the largest logistics networks in the region. More than 75% of Lazada's parcels went through its own facilities or first-mile fleet during the same period. For the twelve months ended March 31, 2020, orders grew more than 170% year-on-year. We believe this outpaces the competition by a significant margin. Despite new waves of COVID-19 in many markets, order volume grew 100% year-over-year for the September 2020 quarter.



AliExpress is a global marketplace targeting consumers worldwide and enabling them to buy directly from manufacturers and distributors in China and around the world. In addition to the global English-language version, the AliExpress platform is also available in 17 other languages, including Russian, Portuguese, Spanish, and French. Consumers can access the marketplace through the AliExpress app or its websites. Top consumer markets where AliExpress is popular are Russia, the United States, Brazil, Spain, and France.



Tmall Global serves as the premier platform through which overseas brands and retailers reach Chinese consumers, build brand awareness, and gain valuable consumer insights in forming their overall China strategy without physical operations in China. According to Analysys, Tmall Global was the largest import e-commerce platform in China in the twelve months ended March 31, 2020, in terms of GMV.



Kaola operates an import eCommerce business under an independent app, with meaningful consumer mind-share in China. It offers high-quality imported products, premium services, and an interactive shopping experience to consumers.

### 1.4 Wholesales Commerce Cross-border & global



Alibaba.com is China's largest integrated international online wholesale marketplace in 2019 by revenue, according to Analysys. It connects Chinese and overseas suppliers to overseas wholesale buyers, who are typically trade agents, wholesalers, retailers, manufacturers, and SMEs engaged in the import and export business and provides sourcing, online transaction, digital marketing, digital supply chain fulfillment, and financial services to them.

### 1.5 Logistics



Alibaba's logistics vision is to fulfill consumer orders within 24 hours in China and within 72 hours anywhere else in the world. Cainiao Network continues to build and operate a global fulfillment network together with logistics partners to realize this vision. It offers domestic and international one-stop-shop logistics services and supply chain management solutions, addressing merchants and consumers' various logistics needs at scale. Cainiao Network uses data insights and technology to digitalize the entire logistics process and empower logistics partners, thereby improving efficiency across the logistics value chain. As of March 31, 2020, Cainiao Network's 12 strategic express courier partners employed over 1.6 million delivery personnel in more than 700 cities and 31 provinces in China, according to data provided by these partners. Collectively these partners operate more than 220,000 hubs and sorting stations as of March 31, 2020.

## 1.6 Consumer Service



Ele.me is a leading on-demand delivery and local services platform in China, enables consumers to use the Ele.me, Alipay, Taobao, and Koubei mobile apps to order meals, snacks, beverages, fresh food, and groceries online. In addition, Fengniao Logistics, Ele.me's on-demand delivery network, is highly synergistic with our digital economy and provides last-mile logistics.



Koubei, one of China's leading restaurant and local services guide platforms for in-store consumption, provides targeted, data-driven marketing tools and integrated digital operational and store management services for restaurants and local services providers.



Fliggy, a leading online travel platform in China, provides comprehensive reservation services for airline tickets, train tickets, accommodation, car rental, package tours, and local attractions. Fliggy enhances user experience through data technology that enables partner hotels to identify travelers with good credit and provide travel privileges such as zero-deposit hotel bookings, express check-out, and automatic post-stay billing.

## 1.7 Consumer Service



Juhuasuan is a marketing and group-buying platform that helps brands selling to China on Tmall and Taobao achieve better results. It offers daily deals in the form of flash sales that promote heavily discounted products.



Taobao Deals, which was recently launched, connects consumers directly to manufacturers, enabling a personalized experience from design, sourcing, and production to delivery. Taobao Deals achieved strong growth since it launched a new version in March 2020, recording over 70 million MAUs in September 2020.



Idle Fish is a consumer-to-consumer community and marketplace in China for long-tail products. Consumers can find a variety of second-hand, recycled, refurbished, for-rent, and other long-tail products.

## 2. Cloud Computing



Alibaba Cloud offers a complete suite of cloud services to customers worldwide, including elastic computing, database, storage, network virtualization services, large-scale computing, security, management and application services, big data analytics, a machine learning platform, and IoT services. Alibaba Group is the world's third-largest and Asia Pacific's largest Infrastructure as a Service provider by revenue in 2019 in U.S. dollars, according to Gartner's April 2020 report (Source: Gartner, Market Share: IT Services, 2019, Dean Blackmore et al., April 13, 2020). In the September quarter, cloud computing revenue grew 60% year-over-year to RMB14,899 million (US\$2,194 million), primarily driven by growth in revenues from customers in the Internet, finance, and retail industries.

## 3. Digital Media and Entertainment



Through Damai, a leading online ticketing platform for live events in China, Alibaba provides users with ticketing services for popular concerts, plays, and sporting events.



Youku is the third-largest online long-form video platform in China in terms of monthly active users in March 2020, according to QuestMobile. It enables users to search, view, and share high-quality video content quickly and easily across multiple devices. The Youku brand is among the most-recognized online video brands in China. First, Alibaba provides self-produced content. Second, they also jointly produce content through arrangements with studios that commission them to produce and distribute some or all of their content exclusively on the platforms. Third, Alibaba acquires rights to display content on our digital media and entertainment platforms pursuant to licensing agreements with rights holders. Last, they offer an open platform on which user-generated content and professionally-generated content are generated and distributed. During the September quarter, Youku's average daily subscriber base increased 45% year-over-year, driven by its offering of appealing original content and the 88VIP membership program's contribution.



Alibaba Pictures is an Internet-driven integrated platform that covers content production, promotion and distribution, intellectual property licensing and integrated management, cinema ticketing management, and data services for the entertainment industry. Alibaba Pictures was involved in the production, promotion, and distribution of a number of highly popular films in the twelve months ended March 31, 2020.



The music platform provides music streaming and digital music online publishing services, as well as enabling the discovery and support of independent musicians.



Shuqi is an online literature distribution and reading platform, and it offers content for use in derivative works or tie-in entertainment.

## 4. Innovation Initiatives



Amap is the largest provider of mobile digital map, navigation, and real-time traffic information in China by monthly active users in March 2020, according to QuestMobile. Amap leverages its big data-enabled digital mapping technology to empower major mobile apps across different industries, including local services, ride-hailing services, and social networking, which end users can directly access through Amap's leading open platform in China. In addition, Amap provides digital map data, navigation software, and real-time traffic information to aftermarket consumers in China, international and domestic automobile manufacturers. Amap also empowers major platforms and infrastructural service providers in our digital economy, including our China retail marketplaces, Cainiao Network, and Alipay.



DingTalk is a digital collaboration workplace that offers new ways of working, sharing, and collaborating for modern enterprises and organizations, including schools, and education institutions. Millions of enterprises and users use DingTalk to stay connected and work remotely.



Tmall Genie, our AI-powered smart speaker, is the No. 1 smart speaker in China by shipments in 2019, according to IDC (Source: IDC China Quarterly Smart Home Device Tracker, 2019). It connects the customers with services offered by digital economy participants in an interactive way. Tmall Genie is a gateway to link customers with new services and experiences to be generated by IoT and smart home appliances. It offers extensive content for families in order to broaden its user base and drive their engagement with their devices.

## 5. Ant Group

Ant Group is a technology company that provides comprehensive digital payment services and offers digital financial services and digital daily life services for consumers and small and micro businesses, or SMBs, in China and across the world. During the twelve months ended March 31, 2020, the number of global AAUs served by Ant Group and its nine local e-wallet partners reached approximately 1.3 billion.



1. Digital Payment Services
2. Digital Financial Services
3. Wealth management.
4. Micro Financing
5. Insurance

### Take Away

Alibaba is active in all kinds of eCommerce markets, cloud computing, and content production. In each of these segments, Alibaba has creates different brands based on the target customer. The payment provider ant Group is also deeply integrated into all other activities.

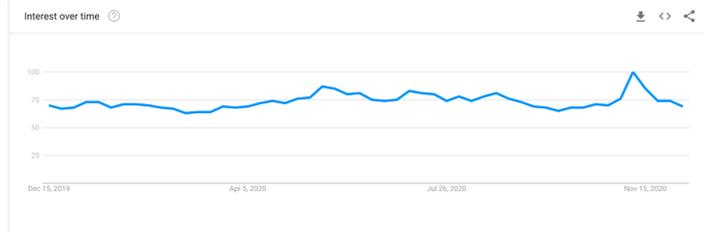
# SENTIMENT IN SOCIAL MEDIA

## Baidu Search index



- A Yabo Technology Holdings (08279) and Alibaba China signed cooperation framework agreement
- B Alibaba releases 2019 Pedestrian Street Economic Report: new consumption lights up offline vitality
- C Alibaba's donation of epidemic prevention materials to five countries in West Africa has arrived at the destination
- D Jiang Fan was investigated by Alibaba. Huang Zheng's fortune rose by 18.8 billion overnight
- E More than 100 billion of Alibaba's flagship stores
- F COFCO and Alibaba to build a platform

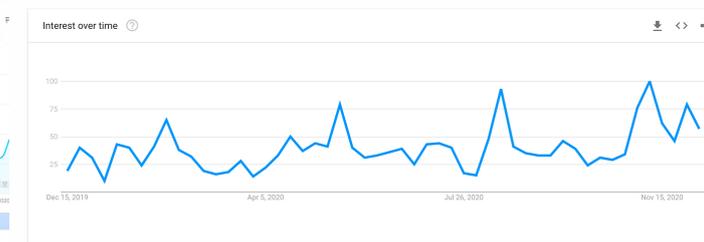
## Google Trends Index



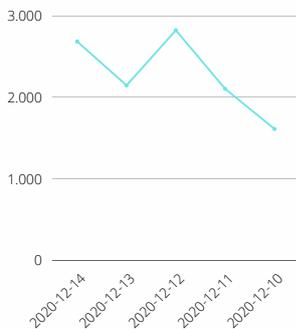
## Baidu News index



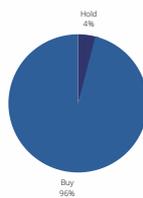
## Google Trends News Index



## Other Rankings



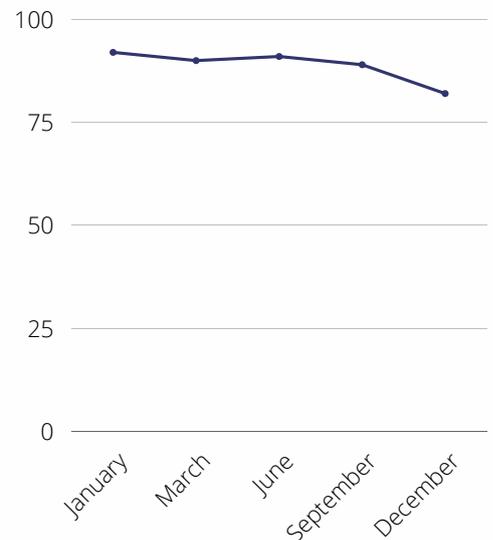
### General Analyst Opinion



### Technical Analysis

Moving average index: Sell  
 MoTechnical index: Sell

## Social Media Sentiment



**Take Away** It can be seen that the interest in China is more volatile and that currently, there are some negative opinions around Alibaba, which influence the stock.

# NEWS

## Western News Sources

Trump Signs Bill That Could Lead To Delisting Of Chinese Stocks Including Alibaba

Sun, December 20, 2020, 1:27 AM GMT+8  
[LINK](#)

China fines Alibaba, Tencent's e-book subsidiary over anti-trust violations

Mon, December 14, 2020, 3:38 PM GMT+8  
[LINK](#)

This Alibaba Stock Correction Offers an Opportunity You Can't Refuse

December 8, 2020  
[Link](#)

Alibaba-Backed AutoX First To Test Driverless Cars In China

December 4, 2020  
[Link](#)  
[more..](#)

36 news in December

## Chinese News Sources

Taobao increases their share in Sun Art Retail from 77.02% to 83.37%

From the press release at 10:02 today  
[Link](#)

Alibaba, Yuewen and Fengchao respond to antitrust punishment

December 15, 2020 08:34  
[Link](#)

Alibaba's share price fell 3.22% on . It was fined for 1.5 million yuan.

202012/1507:01  
[LINK](#)

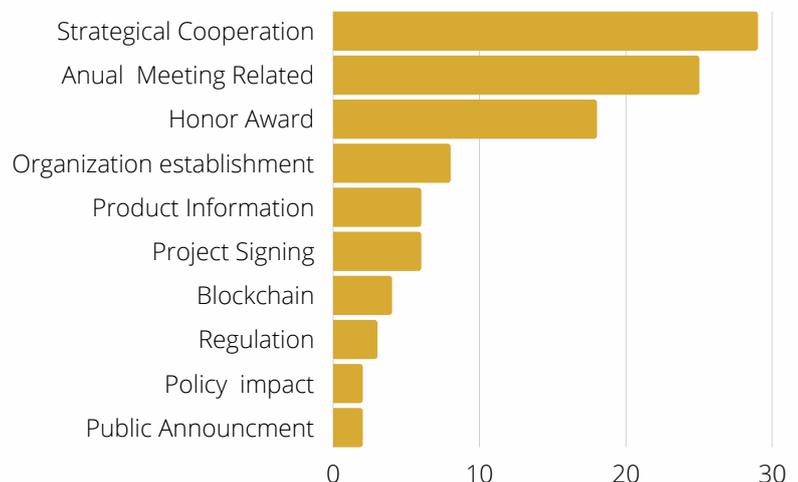
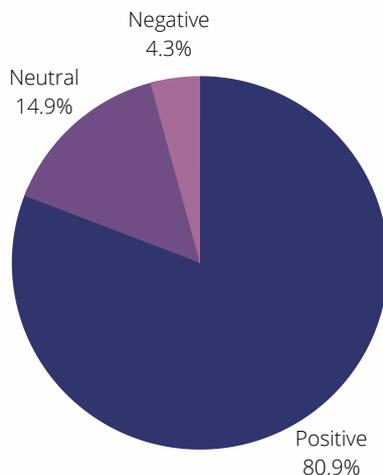
A controlling shareholder transferred 5.26% of its shares to Alibaba venture capital

From press release 12-14 21:10  
[Link](#)

more..

104 news in December

## News Analysis



**Take Away** News by Chinese media companies are much more detailed and up-to-date. Most of them are positive and about strategic cooperation.