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Alibaba Group Holding | Asia Pacific

4QF26: Rev and EBITA In-line

Reaction to earnings

Unchanged Impact to our thesis
In-line Financial results versus consensus
Largely unchanged Direction of next 12-month consensus EPS

Key Takeaways

- Total revenues +3% YoY (+11% LFL), in-line. CMR +1% (+8% LFL), in-line.
- Cloud rev +38% (external rev +40%, in line). AI rev Rmb9.0bn (30% of external cloud rev), triple digit growth for 11 quarters. Cloud margin 9.1%, in line.
- Adj EBITA Rmb5.1bn, -84% YoY vs MSe at Rmb4.5bn. All others losses Rmb21bn (vs. MSe Rmb20bn), offset by narrower unallocated losses.
- Capex Rmb27bn (vs. Rmb29bn in 3Q). F26 capex at Rmb126bn.
- Annual dividend US1.05 per ADS (flat YoY), no special dividend.

Exhibit 1: 4QFY26 results review

Alibaba Group YE Mar	Mar-25	Dec-25	Mar-25	YoY	4Q26		4Q26	
	4Q25	3Q26	4Q26e		Mse	Diff	Consensus	Diff
RMB mn	Actual	Actual	Actual	%		%		%
Revenue	236,454	284,843	243,380	2.9%	241,155	0.9%	246,050	-1.1%
Income from operations	28,465	10,645	(848)	-103.0%	1,006	-184.3%	6,121	-113.9%
Adjusted EBITA	32,616	23,397	5,102	-84.4%	4,508	13.2%	10,805	-52.8%
Non-GAAP net profit	29,847	16,710	86	-99.7%	10,282	-99.2%	13,572	-99.4%
Adj. EBITA margin	13.8%	8.2%	2.1%	-11.7 ppts	1.9%	0.2 ppts	4.4%	-2.3 ppts
Non-GAAP net profit margin	12.6%	5.9%	0.0%	-12.6 ppts	4.3%	-4.2 ppts	5.5%	-5.5 ppts
				22%				
By Segment	4Q25	3Q26	4Q26e	YoY	4Q26e	Diff	4Q26	Diff
Revenue								
Alibaba China E-commerce Group	115,348	159,347	122,220	6.0%	123,544	-1.1%	125,120	-2.3%
Customer management (CMR)	72,180	102,664	73,024	1.2%	72,518	0.7%	73,633	-0.8%
Quick commerce	12,715	20,842	19,988	57.2%	19,126	4.5%	20,026	-0.2%
Alibaba International Digital Commerce Group	33,579	39,201	35,429	5.5%	35,238	0.5%	35,633	-0.6%
Cloud Intelligence Group	30,127	43,284	41,626	38.2%	42,242	-1.5%	42,163	-1.3%
All others	83,276	67,340	65,459	-21.4%	63,502	3.1%	64,799	1.0%
Unallocated	446	603	641	43.7%	514	24.8%	543	18.0%
Inter-segment elimination	(26,322)	(24,932)	(21,995)	-16.4%	(23,884)	-7.9%	(23,564)	-6.7%
Consolidated revenue	236,454	284,843	243,380	2.9%	241,155	0.9%	246,050	-1.1%
Adjusted EBITA								
Alibaba China E-commerce Group	39,742	34,613	24,010	-39.6%	23,720	1.2%	24,977	-3.9%
Alibaba International Digital Commerce Group	(3,574)	(2,016)	(138)		(247)	-44.1%	(130)	
Cloud Intelligence Group	2,420	3,911	3,796	56.9%	3,818	-0.6%	3,780	0.4%
All others	(3,413)	(9,792)	(21,160)		(20,003)	5.8%	(16,312)	29.7%
Unallocated	(2,030)	(2,722)	(788)	-61.2%	(2,013)	-60.9%	(1,708)	
Inter-segment elimination	(529)	(597)	(618)	16.8%	(767)	-19.5%	(589)	
Consolidated adjusted EBITA	32,616	23,397	5,102	-84.4%	4,508	13.2%	10,805	-52.8%
Adjusted EBITA margin								
Alibaba China E-commerce Group	34.5%	21.7%	19.6%	-14.8 ppts	19.2%		20.0%	-0.3 ppts
Alibaba International Digital Commerce Group	-10.6%	-5.1%	-0.4%	10.3 ppts	-0.7%	0.3 ppts	-0.4%	-0.0 ppts
Cloud Intelligence Group	8.0%	9.0%	9.1%	1.1 ppts	9.0%	0.1 ppts	9.0%	0.2 ppts
All others	-4.1%	-14.5%	-32.3%	-28.2 ppts	-31.5%	-0.8 ppts	-25.2%	-7.2 ppts
Consolidated adjusted EBITA margin	13.8%	8.2%	2.1%	-11.7 ppts	1.9%	0.2 ppts	4.4%	-2.3 ppts

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Alibaba Group Holding (BABA.N, BABA UN)

Top Pick

China Internet and Other Services | China

Stock Rating	Overweight
Industry View	Attractive
Price target	US\$180.00
Up/downside to price target (%)	34
Shr price, close (May 12, 2026)	US\$134.78
52-Week Range	US\$192.67-103.71
Sh out, dil, curr (mn)	2,375
Mkt cap, curr (mn)	US\$320,123
EV, curr (mn)	US\$231,090
Avg daily trading value (mn)	US\$282

Fiscal Year Ending	03/25	03/26e	03/27e	03/28e
EPS (Rmb)**	53.59	37.63	33.71	49.66
Revenue, net (Rmb bn)	996	1,021	1,097	1,186
Net income (Rmb bn)**	129	89	80	118
P/E**	17.8	23.0	27.2	18.4
EV/EBITDA	9.1	15.0	10.6	6.9
EV/revenue*	2.0	1.8	1.8	1.6
P/BV	2.2	1.9	1.9	1.7

framework

** = Based on consensus methodology

* = GAAP or approximated based on GAAP

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

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Valuation Methodology and Risks

Alibaba Group Holding (BABA.N)

Base case, discounted cash flow model. Key assumptions include a 10% WACC and 3% terminal growth rate, in line with our Chinese Internet coverage range.

Risks to Upside

- Better core e-commerce monetization, driving earnings growth upside
- Faster enterprise digitalization, re-accelerating cloud revenue growth
- Stronger AI demand to drive cloud revenue

Risks to Downside

- More intense competition
- Higher-than-expected reinvestment costs
- Weaker consumption amid a slower post-Covid recovery
- Slower pace of enterprise digitalization pace
- Regulation - additional scrutiny of Internet platforms

