Meituan (3690.HK): NDR highlights: Food delivery profit recovery; stable in-store margins; Buy

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We hosted Meituan's Capital Markets team with investors on June 3rd post-results. Investors' key focuses centered around the food delivery competitive landscape and longer-term unit economics outlook, latest in-store competition & margin trajectory, Instashopping's growth and margin outlook, investment scale for overseas expansion (Keeta), other grocery new initiatives and AI progress.

- **Latest food delivery competitive landscape and longer-term user UE/order growth outlook:** The company has seen dynamics improving with widened UE advantage vs. peers as industry subsidies normalize, at sustained GTV leadership (overall GTV share > 60%, 70% share in Rmb30+ AOV segment) on its high-quality user base, favorable AOV/order mix and reliable fulfillment. The company is confident in achieving long-term food delivery UE recovery back to EBIT of Rmb1 per order. ***GS views:*** For 2Q/FY26E/FY27E, we continue to estimate food delivery volume growth at +2%/+1%/+6%, and EBIT per order at around breakeven/Rmb-0.2/0.6 on the back of normalizing competition intensity, the government's ongoing anti-trust investigation on the food delivery industry, and better seasonality in 2Q.

- **In-store competition & margin trajectory:** In-store dining has seen higher competition from Douyin+Doushengsheng, while the company expects gradual normalization as aggressive subsidies will not be sustainable long-term. Other in-store services, travel and hotel booking margins remain resilient on the back of its unique moats. ***GS views:*** For 2Q/FY26E/FY27E, we continue to estimate IHT revenue growth of 8%/7%/8% at stable adj. EBIT margin of 25%/25%/24%.

- **Instashopping's growth outlook on the back of evolving quick commerce competition:** Meituan remains focused on strengthening its leadership in 30-minute native delivery services, driven by ramp-up of its 1P model offerings/3P stable monetization, and clear cross-selling from food delivery users with strong mindshare. The company will continue to invest in the business, while targeting 2% GTV margin in the long run. ***GS views:*** For 2Q/FY26E/FY27E, we continue to estimate 20%/21%/18% Instashopping volume growth and Rmb-0.8/-0.4/0.6 EBIT per order.

- **Investment pace and margin outlook for overseas business:** The company expects continued economics improvement in international businesses, with HK

UE improvement on track at stable leading market share and Saudi Arabia to reach profitability next year, while investment scale in Brazil will depend on the dynamic competitive landscape. ***GS views:*** With Xiaoxiang/Keeta's expansion plan and operating efficiency improvements of other new initiatives, we continue to forecast Rmb-2.4bn/-8.8bn/-7.0bn loss for 2Q26E/FY26E/FY27E. With strong execution and proven track record, we believe Keeta's expanding presence in the Middle East, Hong Kong and Brazil are well positioned as next growth drivers, leveraging the experience/success of Meituan food delivery in the Mainland China market.

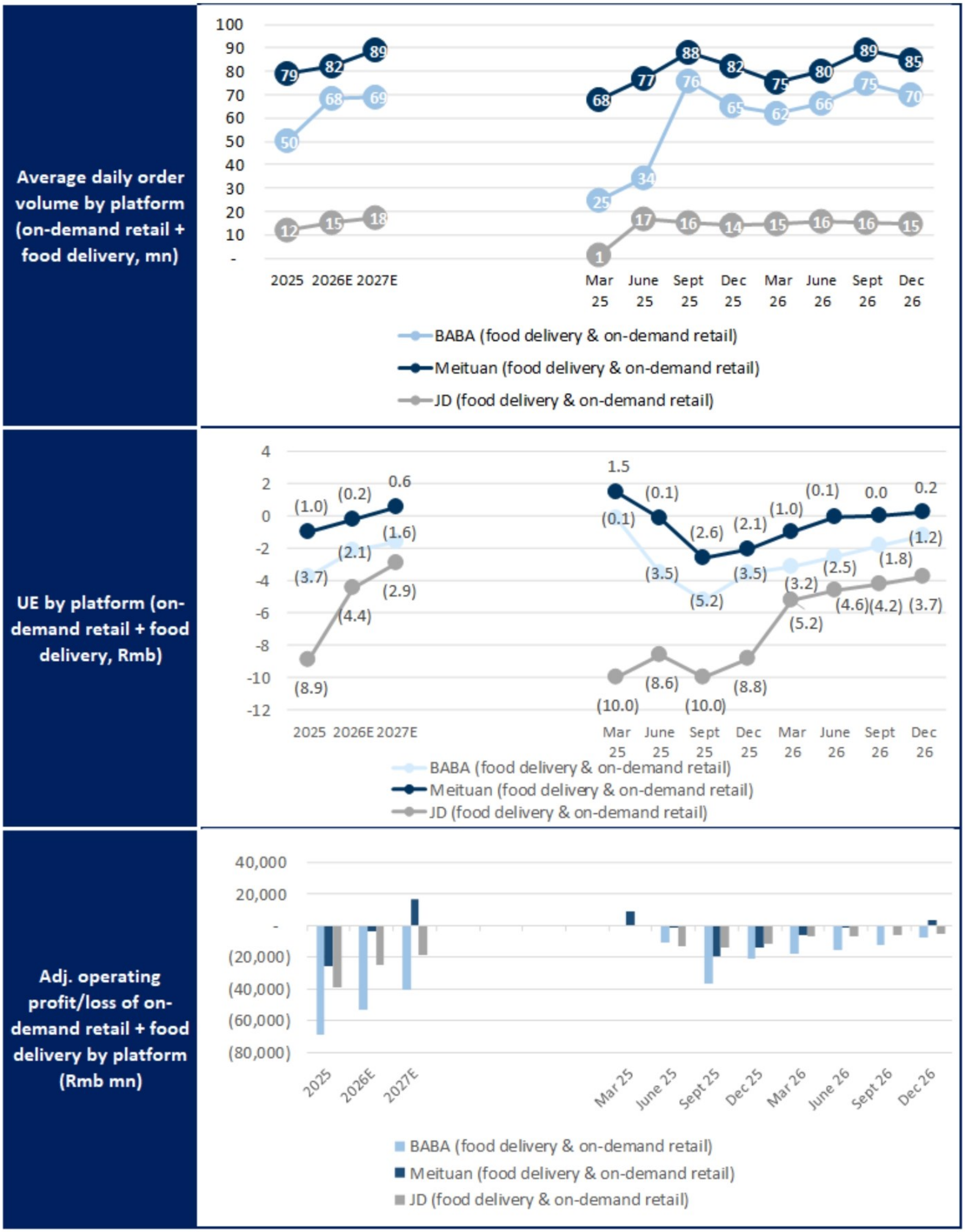
- **Progress on AI initiatives/agents,** where the company continues to invest in its consumer-facing AI assistant (Xiao Tuan AI search in main app and vertical health assistant), merchant tools and LLM development (trained on in-house data for local service deployment). The company remains confident in playing offense in AI, with proprietary merchant/user data, authentic reviews and closed-loop fulfillment/service capabilities serving as key strengths.

With our food delivery/IHT/instashopping valuations at HK$46/$26/$15 per share respectively + proven new initiatives including To-B restaurant supply chain services and Keeta growth drivers, we maintain our Buy rating on Meituan with 12-m TP of HK$116 on the back of its overall local services leadership under an enlarged Quick Commerce TAM in the still fast growing local services market.

Key downside risks: Worse-than-expected competition that may impact growth or pace of profit turnaround; labor cost inflation/efficiencies; food safety concerns/stricter regulations; larger-than-expected investment in Keeta.

The author would like to thank Iris Xiao for her contribution to this report.

Exhibit 1: Food delivery + instant shopping comparisons between Meituan, Alibaba and JD (GS estimates)



Source: Goldman Sachs Global Investment Research

Exhibit 2: Our key assumptions at a glance (yearly & quarterly)

Meituan (Rmb mn)	2024	2025	2026E	2027E	2028E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
Group revenue	337,592	365,982	395,936	439,681	484,012	86,206	91,840	95,488	92,096	91,039	101,092	104,098	99,307
yoy%	22%	8%	8%	11%	10%	18%	12%	2%	4%	6%	10%	9%	8%
Group gross profit	129,785	112,136	129,060	141,950	163,122	32,063	30,414	25,181	24,127	25,970	35,664	33,359	33,642
margin%	38.4%	30.6%	32.6%	32.3%	33.7%	37.2%	33.1%	26.4%	26.2%	28.5%	35.3%	32.0%	33.9%
Segmental EBIT (CLC + New initiatives)	45,142	(16,986)	2,118	29,509	46,392	11,218	1,840	(15,349)	(14,696)	(4,146)	614	2,411	3,273
yoy%	144%	-138%	112%	1293%	57%	62%	-87%	-213%	-237%	-137%	-67%	116%	122%
Group adjusted EBIT	40,869	(23,432)	(4,922)	20,703	39,229	10,118	399	(17,472)	(16,827)	(5,854)	(819)	24	1,303
yoy%	154%	-157%	79%	521%	89%	62%	-97%	-241%	-281%	-158%	-305%	100%	108%
margin%	12.1%	-6.4%	-1.2%	4.7%	8.1%	11.7%	0.4%	-18.3%	-18.3%	-6.4%	-0.8%	0.0%	1.3%
Group adjusted net profit	43,773	(18,297)	(100)	24,461	42,299	10,949	1,493	(16,010)	(15,080)	(4,968)	386	1,230	2,828
yoy%	89%	-142%	99%	24497%	73%	46%	-89%	-225%	-253%	-145%	-74%	108%	119%
margin%	13.0%	-5.0%	0.0%	5.6%	8.7%	12.7%	1.6%	-16.8%	-16.4%	-5.5%	0.4%	1.2%	2.8%
Food delivery & instashopping average daily order volume (mn)	70	79	82	89	95	68	77	88	82	75	80	89	85
yoy%	16%	13%	4%	8%	7%	12%	13%	14%	13%	10%	5%	1%	3%
Core local commerce	2024	2025	2026E	2027E	2028E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
Segment revenue	250,248	261,953	273,105	300,150	331,299	63,974	65,347	67,447	64,835	64,063	68,552	71,325	68,766
yoy%	21%	5%	4%	10%	10%	17%	8%	-3%	-1%	0%	5%	6%	6%
Segment adjusted EBIT	52,415	(6,904)	10,962	36,486	52,195	13,491	3,721	(14,071)	(10,046)	(2,030)	3,055	4,705	5,267
yoy%	35%	-113%	259%	233%	43%	39%	-76%	-196%	-178%	-115%	-18%	133%	152%
margin%	20.9%	-2.6%	4.0%	12.2%	15.8%	21.1%	5.7%	-20.9%	-15.5%	-3.2%	4.5%	6.6%	7.7%
New initiatives	2024	2025	2026E	2027E	2028E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
Segment revenue	87,344	104,029	122,831	139,530	152,713	22,232	26,493	28,041	27,262	26,976	32,540	32,774	30,542
yoy%	25%	19%	18%	14%	9%	19%	23%	16%	19%	21%	23%	17%	12%
Segment adjusted EBIT	(7,273)	(10,082)	(8,844)	(6,977)	(5,803)	(2,273)	(1,881)	(1,278)	(4,650)	(2,116)	(2,440)	(2,294)	(1,993)
margin%	-8%	-10%	-7%	-5%	-4%	-10%	-7%	-5%	-17%	-8%	-8%	-7%	-7%
Core local commerce segment breakdown modeled by GSe													
Food delivery	2024	2025	2026E	2027E	2028E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
GTV (Rmb bn)	1,032	1,074	1,087	1,164	1,234	245	274	284	272	257	276	280	275
yoy%	11%	4%	1%	7%	6%	8%	10%	-2%	2%	5%	1%	-1%	1%
Average daily order volume (mn)	60	66	67	71	75	57	65	75	68	61	66	73	68
yoy%	13%	10%	1%	6%	5%	9%	11%	12%	10%	8%	2%	-2%	-1%
Revenue	166,971	163,455	162,757	174,097	188,947	41,000	42,593	40,368	39,494	37,909	43,170	41,123	40,581
yoy%	17%	-2%	0%	7%	9%	14%	5%	-14%	-10%	-8%	1%	2%	3%
EBIT margin %, adjusted	19.6%	-14.6%	-2.7%	8.3%	14.5%	18.9%	-1.8%	-44.3%	-33.0%	-14.6%	-0.8%	0.2%	3.4%
EBIT per order, adjusted (Rmb)	1.49	(0.99)	(0.18)	0.56	1.00	1.51	(0.13)	(2.60)	(2.07)	(1.00)	(0.06)	0.01	0.22
GTV margin%	3.2%	-2.2%	-0.4%	1.2%	2.2%	3.2%	-0.3%	-6.3%	-4.8%	-2.2%	-0.1%	0.0%	0.5%
Instashopping	2024	2025	2026E	2027E	2028E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
GTV (Rmb bn)	278	361	437	516	594	81	85	98	98	99	102	118	118
yoy%	36%	30%	21%	18%	15%	28%	33%	30%	29%	23%	20%	21%	20%
Average daily order volume (mn)	9.6	12.5	15.1	17.8	20.5	11.1	11.7	13.4	13.8	13.7	14.0	16.2	16.7
yoy%	37%	30%	21%	18%	15%	32%	31%	30%	29%	23%	20%	21%	20%
Revenue	26,341	33,385	40,429	50,283	60,793	8,430	6,892	9,022	9,042	10,368	8,270	10,916	10,873
yoy%	40%	27%	21%	24%	21%	34%	9%	35%	29%	23%	20%	21%	20%
EBIT, adjusted	868	(2,054)	(2,136)	3,657	5,858	791	(364)	(1,332)	(1,150)	(614)	(956)	(204)	(361)
EBIT margin %, adjusted	3%	-6%	-5%	7%	10%	9.4%	-5.3%	-14.8%	-12.7%	-5.9%	-11.6%	-1.9%	-3.3%
EBIT per order, adjusted (Rmb)	0.25	(0.45)	(0.39)	0.56	0.78	0.79	(0.34)	(1.09)	(0.91)	(0.50)	(0.75)	(0.14)	(0.24)
In-store, hotel, travel, alternative accomodation & ticketing	2024	2025	2026E	2027E	2028E	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E
GTV (Rmb bn)	939	1,145	1,236	1,339	1,442	242	284	338	281	269	309	359	299
yoy%	33%	22%	8%	8%	8%	29%	25%	21%	15%	11%	9%	6%	6%
Revenue	56,935	65,113	69,919	75,770	81,559	14,895	15,862	18,057	16,299	16,236	17,111	19,286	17,311
yoy%	25%	14%	7%	8%	8%	20%	15%	13%	11%	9%	8%	7%	6%
EBIT, adjusted	18,820	19,089	17,545	18,368	18,967	4,965	4,854	5,142	4,129	4,117	4,352	4,834	4,250
yoy%	18%	1%	-8%	5%	3%	28%	2%	-2%	-16%	-17%	-10%	-6%	3%
EBIT margin %, adjusted	33%	29%	25%	24%	23%	33%	31%	28%	25%	25%	25%	25%	25%

Source: Company data, Goldman Sachs Global Investment Research

Price Target Risks and Methodology - Meituan

We are Buy rated on Meituan with a 12-month 2026E SOTP-based TP of **HK$116.**

Key downside risks: Worse-than-expected competition that may impact growth or pace of profit turnaround; labor cost inflation/efficiencies; food safety concerns/stricter regulations; larger-than-expected investment in Keeta.

3690.HK	12m Price Target: **HK$116.00**	Price: **HK$80.40**	Upside: **44.3%**

Buy

Market cap: HK$501.5bn / $64.0bn
Enterprise value: HK$312.8bn / $39.9bn
3m ADTV: HK$4.3bn / $551.5mn
China
China Ecommerce & Logistics
M&A Rank: 3
Leases incl. in net debt & EV?: No

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn)	365,982.0	395,936.0	439,680.6	484,011.9
EBITDA (Rmb mn)	(13,432.4)	4,500.1	31,089.0	50,323.7
EPS (Rmb)	(2.93)	(0.02)	3.91	6.74
P/E (X)	NM	NM	17.8	10.3
P/B (X)	4.9	3.0	2.7	2.2
Dividend yield (%)	0.0	0.0	0.0	0.0
N debt/EBITDA (ex lease,X)	–	(36.2)	(6.1)	(4.6)
CROCI (%)	(8.2)	2.3	17.4	26.5
FCF yield (%)	(3.6)	(0.4)	6.6	10.1

	3/26	6/26E	9/26E	12/26E
EPS (Rmb)	(0.81)	0.06	0.20	0.46

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 3 Jun 2026 close.

Disclosure Appendix

Reg AC

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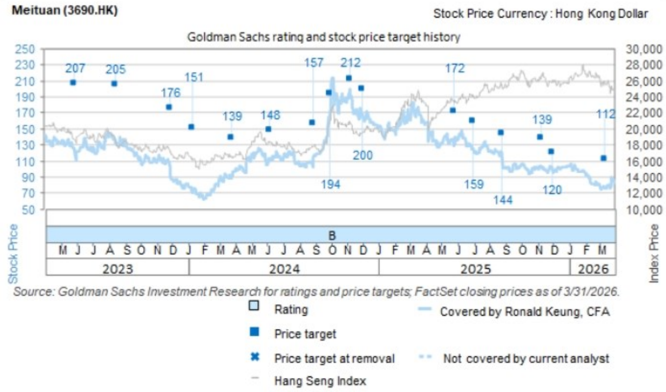

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Target price history table(s)
Meituan (3690.HK)

Date of report	Target price (HK$)	Closing price (HK$)
01-Jun-26	116.00	78.25
12-Mar-26	112.00	76.70
30-Nov-25	120.00	102.50
09-Nov-25	139.00	102.00
27-Aug-25	144.00	116.30
02-Jul-25	159.00	126.00
26-May-25	172.00	129.40
01-Dec-24	200.00	168.70
07-Nov-24	212.00	199.90
29-Sep-24	194.00	164.60
28-Aug-24	157.00	102.80
06-Jun-24	148.00	112.70
24-Mar-24	139.00	88.25
11-Jan-24	151.00	75.60
28-Nov-23	176.00	103.00
16-Aug-23	205.00	132.40

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