CHINA INTERNET: 2Q26 Earnings Preview: Tencent, Meituan, Alibaba

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GS China Internet analyst Ronald Keung previews upcoming 2Q26 earnings.
Link: **CHINA INTERNET: 2Q26 Megacap Earnings Preview**

TENCENT (700 HK): Ronald forecasts 2Q26 games revenue +11%, ad revenue +18% and OP +9% y/y. Key points:

- AI capex and resource allocation priorities;
- Hunyuan model strategy;
- WorkBuddy/Weixin agent metrics;
- Games pipeline; and
- Advertising AI upside
- Reports this Wednesday, August 12.

MEITUAN (3690 HK): Ronald raises his medium-term EBIT per order to Rmb1.1 from Rmb1.0 on more moderate pricing competition in food delivery. He expects 10% 2Q26 revenue growth and for **EBIT to rise 56% y/y** to Rmb5.8bn. He **raises his target price** to HK$123 from HK$116. Key points:

- Update on quick commerce/food delivery unit economics – where will Meituan's medium-term food delivery unit economics settle?
- Potential recovery of IHT (in-store, hotel & travel) segment over the next 1-2 years;
- Instashopping pace of investment and profit turnaround timeline for overall on-demand shopping;
- **LongCat**: AI strategy and differentiation
- Reports this Friday, August 14.

ALIBABA (BABA US, 9988 HK): Ronald anticipates Alibaba's EPS revis bottom. He expects Alibaba Cloud growth of 45%, up from 38% in 1Q points:

- AI capex funding;
- Cloud + T-Head economics and margin upside (Ronald thinks Alibab create a new business segment for clearer disclosure)

- Qwen overall strategy;
- eCommerce cash flows; Ronald expects aggregate profits from China Commerce, Quick Commerce and overseas to be broadly stable y/y;
- talent retention as independent AI labs and chip peers have seen strong valuation upswings
- Reports on Thursday, August 20