Alibaba Health (0241.HK): Asia Leaders Conference 2026 Takeaways: Revenue outlook broadly intact with drugs key growth driver; Early AI

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Bottom line: We hosted Ali Health on Aug 31 at our GS Asia Leaders Conference 2026 in Hong Kong. Management discussion and investor focus are centered around: 1) latest growth trend by category; 2) impact from regulation on prescription drugs and nutrition products; 3) competitive landscape on drugs; 4) AI investment strategy and cadence.

We summarize our key takeaways within.

Revenue outlook remains broadly intact

- Management reiterated its earlier expectations for both 1HFY27 and FY27 remain largely aligned, primarily driven by 1P revenue specially drugs. Earlier **FY27 guidance** as follows: 1) revenue is expected to grow **10%~15% yoy;** 2) Adj. NP is estimated to be **Rmb1.9~2.3bn**
- **Drugs remain the key driver at the fastest yoy growth at double digit yoy**, especially innovative and specialty drugs, fueled by **GLP-1 products and cardiovascular medicines**.
  - Overall prescription-drug gross margin remains healthy at **HSD%**. Within GLP-1, margins vary by product, with some SKUs generating below-category margins and others above-category margins.
  - Beyond weight-loss drugs, management does not see a notable impact from regulation on the broader prescription drugs category.
  - **B2C and O2O drugs on the whole continues to gain market share** with a strong yoy growth supported by higher investment during 1HFY27, with O2O outperforming B2C.
- Non-drug categories especially **medical devices and overseas nutrition products remain soft and advertising growth has moderated.**
  - **Nutrition products** have faced increasing regulatory pressure, with **Jul-Aug trending weaker than Apr-Jun** due to restrictions on influencer livestreaming.

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- **Medical devices** yoy growth remains muted if excluding O2O channels.
- Management also observed **softer merchant advertising spending** amid slower category growth and regulatory pressure on nutrition products.

- **Category mix**.
  - **3P**: 1) **drugs account for 30%+** of GMV, with prescription drugs now exceeding OTC drugs; 2) nutrition products and medical devices each contribute c. 30%, while the remaining 10% comes from birth control products and healthcare services.
  - **1P**: **drugs** account for **60%+** of total, reinforcing drugs as the key revenue growth contributor.

AI business metrics are ahead of expectations, while spending remains moderate

- Management indicated AI-related operating metrics for its 氢离子, particularly **MAU, are tracking ahead of expectations**, with **disciplined financial investment**.
- The company's AI strategy remains focused on providing highly customized services for pharmaceutical companies, potentially linked to drug traceability code infrastructure and broader digital marketing solutions as MAU scale expands.

Price Target Risks and Methodology - Alibaba Health

Valuation: We are Neutral on ALH (0241.HK) with a 12m target price of **HK$4.2** per share, based on 28x avg. FY27-28E P/E on online pharmacy business and 10x avg. FY27-28E P/E on interest income.

Key risks: 1) Better/weaker-than-expected online pharmacy sales growth; 2) Competition dynamics change on non-drug categories from peers and livestreaming E-Commerce platforms; 3) Better/weaker-than-expected margin expansion and operating efficiency improvement; 4) Better/Weaker-than-expected outcome of AI initiatives.

0241.HK	12m Price Target: **HK$4.20**	Price: **HK$3.09**	Upside: **35.9%**

Neutral

Market cap: HK$49.9bn / $6.4bn
Enterprise value: HK$34.0bn / $4.3bn
3m ADTV: HK$364.8mn / $46.5mn
China
China Games, Entertainment & Healthcare Tech
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	3/26	3/27E	3/28E	3/29E
Revenue (Rmb mn)	34,255.1	38,812.7	43,359.9	48,043.1
EBITDA (Rmb mn)	2,386.5	2,395.4	2,693.6	3,077.5
EPS (Rmb)	0.14	0.14	0.16	0.18
P/E (X)	34.4	19.2	16.8	14.3
P/B (X)	4.5	2.2	2.0	1.8
Dividend yield (%)	3.9	0.0	0.0	0.0
N debt/EBITDA (ex lease,X)	(4.8)	(5.3)	(4.5)	(4.9)
CROCI (%)	26.7	29.2	29.4	34.9
FCF yield (%)	2.3	5.4	5.8	6.9

	9/25	3/26	9/26E	3/27E
EPS (Rmb)	0.08	0.06	0.08	0.06

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 31 Aug 2026 close.