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Meituan | Asia Pacific

2Q26 Solid Rev and OP Beat

AlphaSignals Earnings Reaction

Strengthens our thesis
Impact to our thesis

Meaningful upside
Financial results versus consensus

Meaningful revision higher
Direction of next 12-month consensus EPS

Key Takeaways

- Total revenue was +14% YoY, beating MSe/cons by 3%/4%; Adj. EBITDA profit Rmb4bn, beat MSe of Rmb2bn.
- CLC revenue +10%, beat MSe/cons by 3%/4%; CLC OP Rmb5.7bn (+52%), beating MSe/cons. of Rmb3bn, driven by loss reduction and optimization of marketing strategy.
- OPM was 7.9% (+2.2%ppt).
- New initiatives rev Rmb33bn,+25%, in line. OP loss was Rmb1.7bn (vs -Rmb2.1bn in 1Q), beat MSe of Rmb-2.4bn, mainly on Xiaoxiang Supermarket and Keeta overseas.

Exhibit 1: 2Q26 results review

MS Estiamtes vs Co								2QFY-2026E	
Financials (Rmb mn)	**2Q25**	**1Q26**	**2Q26**	**YoY (%)**	**QoQ (%)**	**Mse**	**Diff (%)**	**Consensus**	**Diff (%)**
Total revenues	91,490	91,039	104,643	14%	15%	101,826	2.8%	100,815	3.8%
Cost of Revenue	61,426	65,069	69,548	13%	7%	71,761	-3.1%	68,735	1.2%
Gross Profit	30,414	25,970	35,095	15%	35%	30,064	16.7%	32,080	9.4%
Operating profit/(loss)	226	(6,470)	2,691	1089%	NA	(2,003)	NA	(1,140)	NA
Net profit/(loss)	365	(6,827)	2,155	491%	NA	(1,961)	NA	(1,256)	NA
Non-IFRS measures:									
Adjusted EBITDA	2,782	(3,049)	4,098	47%	NA	2,086	96.5%	2,742	49.5%
Adjusted EBITDA margin	3.0%	-3.3%	3.9%	0.9%pt	7.3%pt	2.0%	1.9%pt	4.0%	(0.1%pt)
Adjusted net profit/(loss)	1,493	(4,968)	2,524	69%	NA	(382)	-761.3%	376	
Adjusted net margin	1.6%	-5.5%	2.4%	0.8%pt	7.9%pt	-0.4%	2.8%pt	0.5%	1.9%pt
Core local commerce:									
Revenues	64,997	64,063	71,531	10%	12%	69,239	3.3%	68,486	4.4%
Operating profit	3,721	(2,030)	5,668	52%	NA	3,027	87.3%	3,419	65.8%
OP margin	5.7%	-3.2%	7.9%	2.2%pt	11.1%pt	4.4%	3.6%pt	5.0%	2.9%pt
New initiatives:									
Revenues	26,493	26,976	33,112	25%	23%	32,587	1.6%	32,329	2.4%
Operating profit/(loss)	(1,881)	(2,116)	(1,739)	-8%	NA	(2,400)	NA	(2,410)	NA
OP margin	-7.1%	-7.8%	-5.3%	1.8%pt	2.6%pt	-7.4%	2.1%pt	-7.5%	2.2%pt

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China Internet and Other Services | China

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	HK$120.00
Up/downside to price target (%)	55
Shr price, close (Aug 28, 2026)	HK$77.50
52-Week Range	HK$120.30-63.65
Sh out, dil, curr (mn)	6,077
Mkt cap, curr (mn)	US$60,074
EV, curr (mn)	US$35,438
Avg daily trading value (mn)	US$628

Fiscal Year Ending	**12/25**	**12/26e**	**12/27e**	**12/28e**
EPS (Rmb)**	(3.15)	(0.31)	5.35	7.11
Prior EPS (Rmb)**	-	-	-	-
EPS (Rmb)§	(2.71)	(0.27)	4.07	6.49
Revenue, net (Rmb bn)	364.9	412.2	478.7	537.8
ModelWare net inc (Rmb bn)	(23.4)	(9.2)	24.7	34.0
P/E	NM	NM	16.3	11.9
EV/revenue*	1.3	0.7	0.6	0.4
EV/EBITDA	NM	42.8	4.0	2.2
P/BV	3.7	2.5	2.1	1.7
ROE (%)	(13.5)	(6.1)	15.6	17.8

framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
* = GAAP or approximated based on GAAP

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decision.

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Valuation Methodology and Risks

Meituan (3690.HK)

Base case, derived from discounted cash flow valuation. Key assumptions: 12% WACC and 3% terminal growth rate.

Risks to Upside

- Uptrend in food delivery market share with margin improvement
- Further monetization of merchant ARPU
- Investments in new initiatives bearing fruit

Risks to Downside

- Intensified food delivery and quick commerce competition
- Low visibility on loss-making and asset-heavy new initiatives
- Weaker-than-expected macro conditions
- Antitrust regulation