23 Oct 2026 04:59:01 ET | 25 pages

Meituan (3690.HK)

3Q26E Preview: Expect Broadly In-line Result; 4Q Guidance Is Key

CITI'S TAKE

We expect Meituan to report 3Q26 result in late Nov, with headline figures likely broadly in-line with our/consensus estimates, although market expectations may be slightly elevated. We leave our forecasts unchanged and currently model 3Q26 Core Local Commerce (CLC) revs to grow 15% yoy with OP of Rmb4.15bn, contributed by a ~25% operating margin in In-store and Rmb0.08 UE for Food Delivery. Looking into 4Q26, seasonal factors and colder weather could weigh on rider costs, though continued spending discipline and operational efficiency should support sequential UE improvement. We anticipate broadly stable OpM for In-store, alongside potentially wider operating losses in New Initiatives driven by more aggressive expansion into Brazil in 4Q26. We also expect mgmt. to provide updates on the InstaShopping landscape, Xiaoxiang Supermarket ramp, and AI initiatives. Maintain Buy/High Risk and Target Price of HK$120.

3Q26E preview – We forecast total revs of Rmb114.2bn (+20% yoy) and adj. NP of Rmb2.56bn vs. Bloomberg cons. of Rmb113.3bn and Rmb2.2bn. We forecast CLC revs +15.3% yoy to Rmb77.3bn and OP at Rmb4.15bn (+5.4% margin) vs. VA cons. of Rmb77.1bn and Rmb4.15bn, with QoQ moderation reflecting seasonality and higher rider/user promotional subsidies. We forecast OpM for food delivery at +1.1% (UE of +Rmb0.08 vs. Rmb0.20 in 2Q26) on revs of Rmb47.8bn. We forecast in-store revs of Rmb18.5bn (+7.1% yoy) with adjusted OP of Rmb4.63bn (25% margin). We forecast new initiatives revs +31.5% yoy to Rmb36.9bn and an op loss of Rmb1.72bn, in-line with VA consensus. We believe 3Q26E will likely come in-line/ahead of our/consensus forecast though investors may have higher expectations.

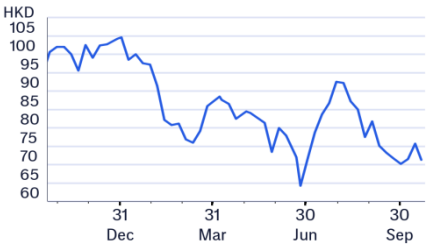
Accelerates instant retail & offline footprint: Xiaoxiang Supermarket expanded its physical footprint with its sixth nationwide store in Nanchang, complementing an online network covering 68 cities via over 2,000 dark stores. Meituan Instashopping pledged Rmb30bn over three years to build a 30-minute merchandise circle through AI tools, specialized supply chain solutions, and dedicated brand dark store.

Keeta resumes Brazil rollout: Following a favorable court ruling prohibiting restrictive merchant exclusivity clauses, Keeta is expanding into 21 new cities in Brazil, broadening its footprint beyond its initial 11-city São Paulo base. Backed by a BRL 5.6bn five-year investment plan, the platform has scaled to 83,000 merchants, 430,000 couriers, and 10mn downloads as it celebrates its one-year anniversary presence in Brazil. We expect competitive landscape in BZ to intensify in 2027.

Buy / High Risk

Price (23 Oct 26 16:10)	HK$71.65
Target price	HK$120.00
Expected share price return	67.5%
Expected dividend yield	0.0%
Expected total return	67.5%
Market Cap	HK$437,188M
	US$55,790M

Price Performance
(RIC: 3690.HK, BB: 3690 HK)



Alicia Yap, CFA AC
Nelson Cheung
Vicky Wei, CFA
Brian Gong

Earnings Summary

Year to 31 Dec	Net Profit (RmbM)	Diluted EPS (Rmb)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2024A	43,771	7.031	90.5	8.7	2.1	27.0	na
2025A	-18,649	-3.069	-143.6	-19.9	2.4	-11.5	na
2026E	2,402	0.394	112.8	154.9	2.1	1.5	na
2027E	19,987	3.237	721.6	18.9	1.9	10.7	na
2028E	31,640	5.084	57.0	12.0	1.6	14.9	na

Source: Powered by dataCentral

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

3690.HK: Fiscal year end 31-Dec						Price: HK$71.65; TP: HK$120.00; Market Cap: HK$437,188m; Recomm: Buy/High Risk					
Profit & Loss (Rmbm)	**2024**	**2025**	**2026E**	**2027E**	**2028E**	**Valuation ratios**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
Sales revenue	337,592	365,206	418,995	475,852	523,572	PE (x)	8.7	-19.9	na	18.9	12.0
Cost of sales	-207,807	-253,846	-281,567	-314,205	-346,187	PB (x)	2.1	2.4	2.1	1.9	1.6
Gross profit	129,785	111,360	137,428	161,647	177,385	EV/EBITDA (x)	3.4	-10.7	14.8	4.9	2.7
Gross Margin (%)	38.4	30.5	32.8	34.0	33.9	FCF yield (%)	12.2	-7.3	-4.8	8.6	8.4
EBITDA (Adj)	**49,336**	**-14,511**	**11,272**	**31,558**	**45,028**	Dividend yield (%)	na	na	na	na	na
EBITDA Margin (Adj) (%)	14.6	-4.0	2.7	6.6	8.6	Payout ratio (%)	0	0	0	0	0
Depreciation	-8,421	-10,199	-10,505	-10,820	-11,145	ROE (%)	22.1	-14.4	-1.6	6.9	11.2
Amortisation	0	0	0	0	0	**Cashflow (Rmbm)**	**2024**	**2025**	**2026E**	**2027E**	**2028E**
EBIT (Adj)	**45,142**	**-16,986**	**4,351**	**18,095**	**31,137**	EBITDA	45,266	-14,842	8,660	23,816	36,630
EBIT Margin (Adj) (%)	13.4	-4.7	1.0	3.8	5.9	Working capital	6,466	-1,056	-13,183	20,210	8,036
Net interest	-45	125	-445	400	400	Other	5,722	2,263	5,542	9,969	10,845
Associates	0	0	0	0	0	**Operating cashflow**	**57,454**	**-13,635**	**1,019**	**53,995**	**55,511**
Non-Op/Except/Other Adj	-7,111	-7,976	-6,484	-4,498	-5,052	Capex	-10,999	-13,271	-18,855	-21,413	-23,561
Pre-tax profit	**37,985**	**-24,838**	**-2,579**	**13,996**	**26,485**	Net acq/disposals	16,847	39,954	-10,826	-13,116	-18,868
Tax	-2,177	1,483	1	-1,157	-2,649	Other	4,358	3,089	0	0	0
Extraord./Min.Int./Pref.div.	-1	-1	-1	-1	-1	**Investing cashflow**	**10,205**	**29,773**	**-29,680**	**-34,530**	**-42,429**
Reported net profit	**35,807**	**-23,355**	**-2,578**	**12,838**	**23,835**	Dividends paid	0	0	0	0	0
Net Margin (%)	10.6	-6.4	-0.6	2.7	4.6	**Financing cashflow**	**-4,606**	**32,327**	**31,853**	**0**	**0**
Core NPAT	43,771	-18,649	2,402	19,987	31,640	**Net change in cash**	**63,610**	**47,202**	**3,192**	**19,466**	**13,083**
Per share data	**2024**	**2025**	**2026E**	**2027E**	**2028E**	**Free cashflow to s/holders**	**46,454**	**-26,906**	**-17,836**	**32,582**	**31,950**
Reported EPS (Rmb)	5.752	-3.843	-0.423	2.079	3.830						
Core EPS (Rmb)	7.031	-3.069	0.394	3.237	5.084						
DPS (Rmb)	0	0	0	0	0						
CFPS (Rmb)	9.228	-2.244	0.167	8.745	8.919						
FCFPS (Rmb)	7.462	-4.427	-2.925	5.277	5.134						
BVPS (Rmb)	29.372	25.446	28.666	31.919	37.069						
Wtd avg ord shares (m)	6,125	6,077	6,085	6,174	6,224						
Wtd avg diluted shares (m)	6,226	6,077	6,097	6,174	6,224						
Growth rates	**2024**	**2025**	**2026E**	**2027E**	**2028E**						
Sales revenue (%)	22.0	8.2	14.7	13.6	10.0						
EBIT (Adj) (%)	143.6	-137.6	125.6	315.9	72.1						
Core NPAT (%)	88.2	-142.6	112.9	731.9	58.3						
Core EPS (%)	90.5	-143.6	112.8	721.6	57.0						
Balance Sheet (Rmbm)	**2024**	**2025**	**2026E**	**2027E**	**2028E**						
Cash & cash equiv.	187,793	188,465	201,867	231,826	260,999						
Accounts receivables	2,653	3,323	4,018	3,911	4,303						
Inventory	1,734	3,013	4,243	4,304	4,742						
Net fixed & other tangibles	46,813	49,206	80,142	73,009	82,495						
Goodwill & intangibles	30,230	30,221	30,353	30,523	30,720						
Financial & other assets	55,131	72,683	72,268	76,016	78,754						
Total assets	**324,355**	**346,910**	**392,891**	**419,590**	**462,014**						
Accounts payable	25,193	34,572	39,342	38,738	42,681						
Short-term debt	1	3,468	6,834	6,834	6,834						
Long-term debt	1,175	18,789	35,305	35,305	35,305						
Provisions & other liab	125,382	139,094	135,365	142,680	149,519						
Total liabilities	**151,751**	**195,922**	**216,845**	**223,556**	**234,338**						
Shareholders' equity	172,663	151,046	176,103	196,090	227,730						
Minority interests	-59	-58	-57	-56	-55						
Total equity	**172,604**	**150,988**	**176,046**	**196,034**	**227,675**						
Net debt (Adj)	**-186,617**	**-166,208**	**-159,729**	**-189,688**	**-218,861**						
Net debt to equity (Adj) (%)	-108.1	-110.1	-90.7	-96.8	-96.1						

For definitions of the items in this table, please click here.

Business Update and 3Q26E Preview

Food delivery and Instashopping update

Meituan Waimai's enhancement on merchant information

Reported by Meituan press center dated Sep 8 (link), Meituan Waimai enhanced its feature by displaying merchant locations and storefront photo for all merchants. Customers can simply browse merchant information for their locations and surrounding environment before placing an order. By end-Aug, there are over 2.7mn food delivery merchants showcasing their locations supplemented by pictures, including over 1.2mn merchants showcasing their storefront by videos.

Meituan Waimai indicated that the enhancement aims to improve transparency of merchant information with multiple verification to enhance food safety and facilitate consumers' decision making as well. In addition, Meituan will assign additional descriptions and tagging to specify restaurants in specific locations.

Seven measures to safeguard food safety

Reported by Meituan press center dated Sep 23 (link), Meituan held a national campaign to promote food safety on Sep 22 which introduced 7 measures including 2 new features, 2 specific campaigns with Rmb80mn worth of investments and 3 promotional activities in 30+ provinces and regions.

In terms of new features, Meituan has piloted a food safety version for Meituan Waimai app which will showcase 6 key areas for merchants including operational licenses, storefront photos and kitchen operations. Currently this feature has been rolled out in Shenzhen, Hangzhou and Chengdu with future plans for nationwide rollout. Meanwhile, Meituan also launched a new feature for Meituan rider app called food safety sentinels which will distribute missions for riders for verification of merchant information such as store locations, operating status and others.

Within Rmb80mn support in specific campaigns, Rmb50mn of which will be used for subsidizing kitchen livestreaming of SME restaurants while the balance Rmb30mn will be invested to strengthen scrutiny and monitoring food safety issues by restaurants.

New industry standard for dark kitchens

Reported by Meituan press center dated Sep 17 (link), Meituan introduced the industry's first industry standard for dark kitchen's food delivery to roll out across the entire Guangdong province. During the day, Meituan also showcased its first Raccoon Kitchen in Guangzhou to demonstrate industry standards for Chinese kitchens and setup details.

Meituan Instashopping to invest Rmb30bn in instant retail

Reported by Sina Finance dated Sep 22 (link), Meituan Instashopping announced a Merchandise NEXT project during 2026 Meituan Instant Retail Industry Conference. Under the project, Meituan plans to invest Rmb30bn resource support in next 3 years in infrastructure, product development and marketing aiming to construct a 30min merchandise circle with brands and retailers.

Meituan noted that with instant retail users surpassing 500mn in China, it has brought structural lifestyle changes with higher certainty. With a higher density in dark stores, instant retail industry has surpassed its obstacle in demand cultivation and network establishment.

In order to capture massive opportunities in instant retail industries, Meituan has introduced a comprehensive set of solutions to support brands and retailers including a specialized supply chain platform for more accurate product selection, dark stores tailored for brands to facilitate FMCG product distributions, AI-powered pricing and promotional tools and category insight report and new product testings to facilitate product development based on instant retail scenarios under specific clientele.

Unmanned delivery launch in West Bund of Shanghai

Reported by Meituan press center dated Sep 10 (link), Meituan unmanned delivery network has officially come in place in the West Bund district of Shanghai, representing the second systematic unmanned delivery network following Shenzhen. On the same day, Meituan drone delivery also launched a partnership with McDonald's as China's first unmanned delivery route for restaurant brands which include tailored meal delivery and collection equipment, routing and unique service offerings with its delivery radius covering diverse consumption scenarios such as sports and entertainment, shopping, outdoor social activities and office. The unmanned delivery has shortened the delivery time from 30 minutes in regular orders to around 10 minutes.

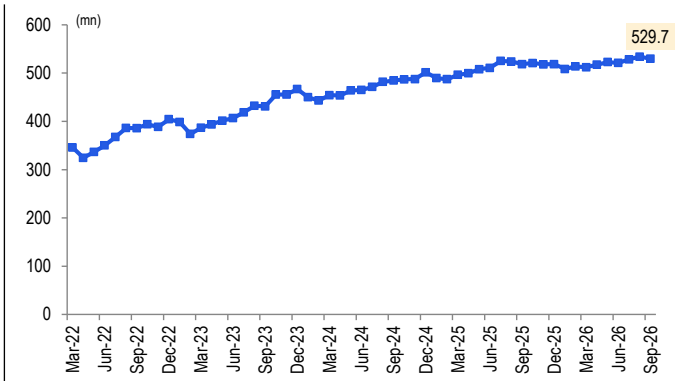
Currently in Shanghai, there are close to 20 restaurant brands offering drone delivery under Meituan, including McDonald's, Ah Ma Handmade and MStand supplying over 100 SKUs. By the end of this year, Meituan plans to expand product coverage of brands under unmanned delivery. Going forward, Meituan aims to further expand its unmanned delivery network from a single region to broader regional coverage in different cities.

Meituan has been exploring unmanned delivery since 2017, which has now completed over 1mn commercial orders in Beijing, Shanghai, Guangzhou, Shenzhen, HK and Dubai. In the West Bund district, Meituan operates the fourth generation of proprietary drone to support automatic pickup, night vision and navigation, all-direction obstacle detection and landing site selection. For ground facility, the new generation M-Port 3.0 supports automation for meal collection from merchants, drone pickup and collection by users. Under the arrangement of super brain M-DaaS 3, the unmanned delivery network supports high density, complex and prompt deployment within 100ms for decision making.

Meituan and Meituan Waimai app traffic update

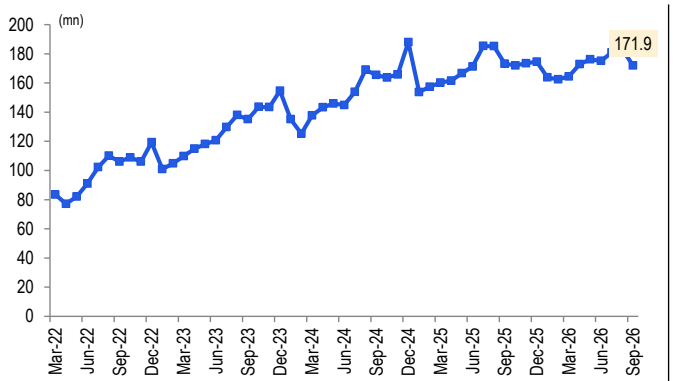
Per Questmobile, MAU of Meituan reached 529.7mn in Sep 2026, +2% yoy and -1% mom. Similarly, DAU of Meituan also remains resilient at 171.9mn in Sep 2026, -1% yoy. In terms of user time spent, total time spent on Meituan main app reached 69.7bn mins in Sep 2026, -11% yoy and -14% mom. Average time spent on Meituan app was -13% yoy to 131mins in Sep 2026.

Figure 1. MAU of Meituan app



Source: Questmobile, Citi Research

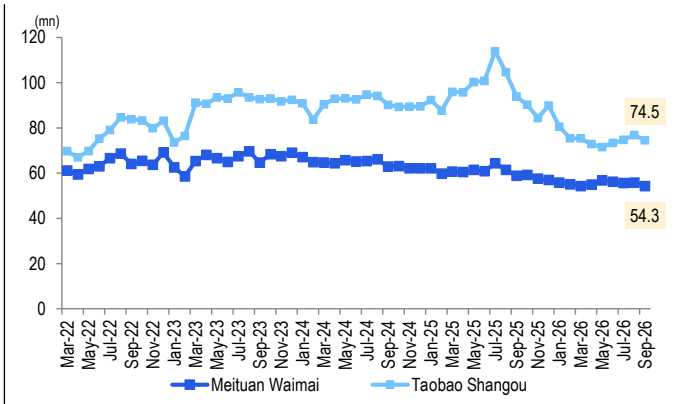
Figure 2. DAU of Meituan app



Source: Questmobile, Citi Research

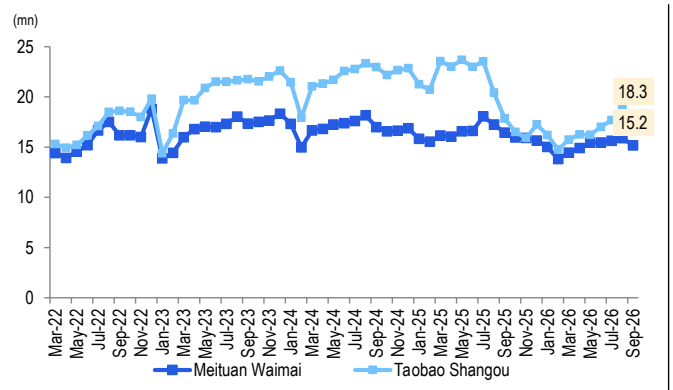
In Sep 2026, MAU of Meituan Waimai reached 54.3mn, -8% yoy and -3% mom, while that of Taobao Shangou reached 74.5mn, -21% yoy, -3% mom. DAU of Meituan Waimai and Taobao Shangou reached 15.2mn and 18.3mn, respectively. We believe the yoy decline in DAU especially for Taobao Shangou mainly reflects extremely high base extending to 3Q26 which was during the hype of the extreme intense competition last year. In terms of total time spent, Meituan Waimai is still higher than Taobao Shangou at 5.0bn mins, -13% yoy. Average time spent on Meituan Waimai app also reached 92.8mins, -6% yoy.

Figure 3. MAU of Meituan Waimai and Taobao Shangou



Source: Questmobile, Citi Research

Figure 4. DAU of Meituan Waimai and Taobao Shangou



Source: Questmobile, Citi Research

In-store, hotel and travel business

Golden Week Highlights AI Adoption and Travel Demand

Meituan's 2026 National Day consumption report (link) highlighted growing adoption of its AI assistant, Xiaotuan, with both user numbers and usage volumes increasing more than 60% versus the 2026 Labour Day holiday. Xiaotuan performed 750 million local merchant information checks during the holiday, with over 80% of users aged below 35, underscoring its appeal to younger consumers seeking real-time dining and travel recommendations.

Travel demand also expanded, with trips exceeding 800km rising 25.4% YoY and multi-night hotel booking orders increasing 30.8%; 30.6% of users stayed at a single destination for at least three days. According to Meituan's report, the top 10 most popular long-haul travel destinations were Nanjing, Xi'an, Chengdu, Suzhou, Luoyang, Beijing, Nanning, Sanya, Harbin and Yanbian. Meanwhile, Meituan Instashopping orders for travel essentials such as disposable socks and slippers doubled YoY, highlighting on-demand retail's role in supporting holiday consumption.

Regulatory Investigation on Meituan Travel

As reported by 21 Jingji News (link), on 19 September, the Beijing Administration for Market Regulation launched formal investigations into four online travel-platform operators, including Beijing Sankuai, the operating entity of Meituan Travel, alongside the operators of Fliggy, Tongcheng Travel and Tujia. The investigations relate to suspected violations of China's Anti-Unfair Competition Law and E-commerce Law. All four platforms said they will cooperate with the authorities, while Meituan Travel committed to fully implementing regulatory requirements and working with industry participants to build a more sustainable market environment. On 15 September, just four days before the investigation was announced, regulators instructed major hotel-booking platforms, including Meituan, to eliminate exclusive partnerships, "lowest price across the internet" requirements and automated price-matching tools that interfere with hotels' pricing decisions.

The investigation remains ongoing and Meituan Travel said it will actively cooperate with the regulatory investigation, fully implement the relevant requirements and work with industry participants to build a sustainable market environment.

New initiatives update

Openings for new Xiaoxiang Supermarkets

Reported by iFeng dated Oct 3 (link), Xiaoxiang Supermarket opened in Nanchang on Sep 30, representing the first store in the central region and the sixth store nationwide. Xiaoxiang's Nanchang flagship store operates under 4,000sqm area with over 10,000 SKUs. The article estimated that fresh food accounted for around 70% mix for Nanchang shop which also includes areas for ready-to-eat hot food, bakery, coffee and tea beverages. To recall, by end of 2Q26, the online business for Xiaoxiang Supermarkets has covered 68 cities in China supported by over 2,000 dark stores (see link).

Keeta overseas expansion progress

Resuming expansion to additional 21 cities in Brazil

Reported by Keeta Brazil dated Oct 6 (link), Keeta officially announced to resume expansion plans in Brazil in the context of greater openness in the local market. Keeta noted the decision followed Sao Paulo State Court (TJSP) decision which declared illegal ban clauses imposed by 99Food on restaurants that prevented them from working with a new delivery partner. Keeta will expand into 21 new cities including locations where it had begun prospecting and pilot projects in recent months as the first step for a broader national rollout.

Keeta noted that this next phase builds on nearly a year of operations in 11 cities across Sao Paulo state including the capital, municipalities in metro area, Santos and Sao Vicente. The new cities will include Sinop, Sorriso and Rondonopolis, Rio Verde, Toledo and Governador Valadares, demonstrating Keeta's confidence in resuming its entry in cities beyond urban centers given the current food delivery landscape in Brazil has become more favorable.

Keeta also reinforced its commitment to invest BRL5.6bn in the market over 5 years by growing alongside local restaurants, creating more earnings opportunities for courier partners and giving consumers more choice and affordable prices. Keeta will leverage Meituan's technology and food delivery experience, local team expertise to set a strong foundation for next expansion phase.

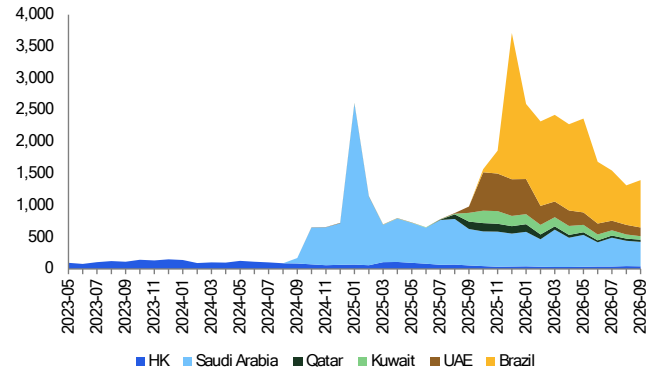
Keeta observed positive early feedback from restaurant partners to diversify sales channels and optimize order management. With close to one year of celebration since Keeta's arrival in Brazil on Oct 31, 2025, Keeta has brought together 83,000 registered merchants, 430,000 delivery partners and 10mn downloads. Keeta also brings innovation in food delivery industry by introducing "Entrega Dedicada" as a solution featuring special bags for transporting delicate food, new packaging solutions, real-time route tracking and smart helmets for courier partners.

Nevertheless, given ongoing ligation between major food delivery platforms such as iFood, 99Food and Keeta, together with heavy user subsidies currently, we expect the food delivery competitive landscape to become more intensified in the near term as Keeta continues to push forward for its geographical expansion.

Latest SensorTower data read-through

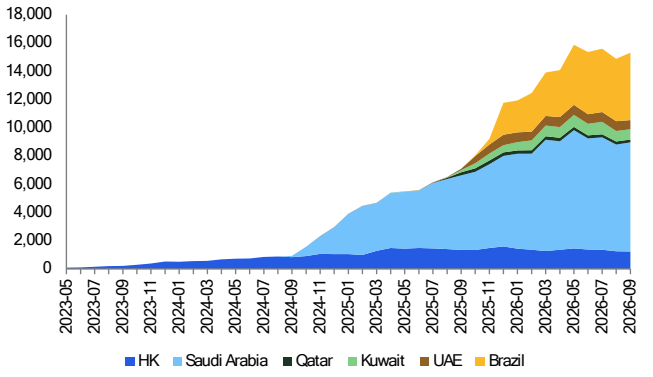
Per SensorTower, Keeta's download slightly rebounded sequentially to 1.4mn as of Sep 2026 with peak download in Dec 2025 with 3.7mn. In terms of MAU, Saudi Arabia and Brazil remained as the top 2 largest markets by MAU at 7.7/4.8mn in Sep 2026, followed by HK at 1.2mn. In aggregate, SensorTower estimated that Keeta total MAU likely reached 15.3mn in Sep 2026.

Figure 5. KeeTa monthly download breakdown by country ('000)



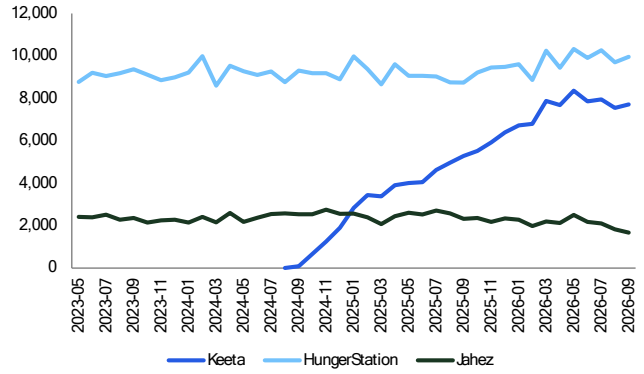
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Source: SensorTower, Citi Research

Figure 6. KeeTa MAU breakdown by country ('000)



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Source: SensorTower, Citi Research

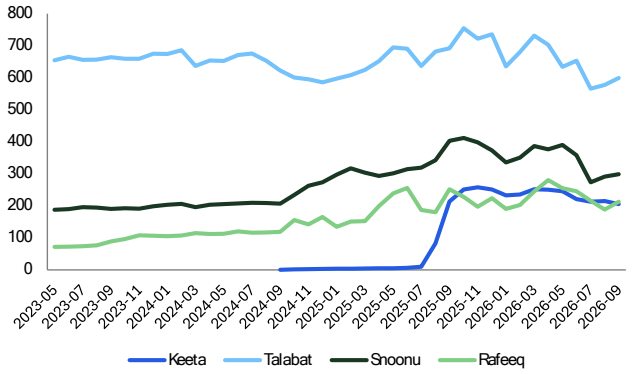
Figure 7. Food delivery app MAU comparison in Saudi Arabia ('000)



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Source: SensorTower, Citi Research

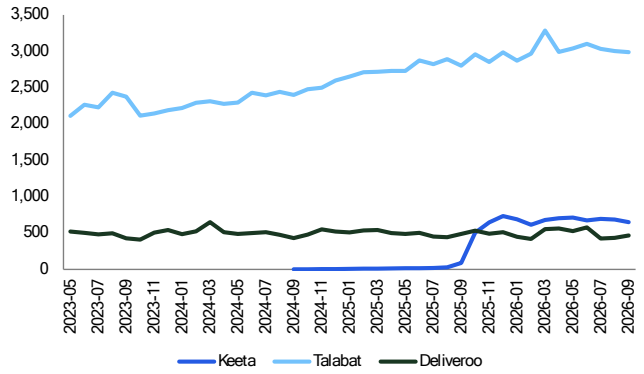
Figure 8. Food delivery app MAU comparison in Qatar ('000)



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Source: SensorTower, Citi Research

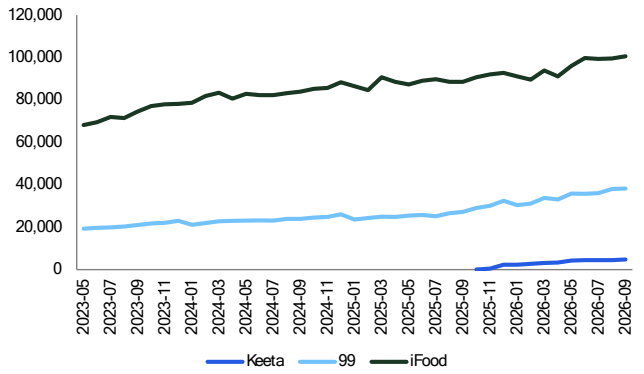
Figure 9. Food delivery app MAU comparison in UAE ('000)



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Source: SensorTower, Citi Research

Figure 10. Food delivery app MAU comparison in Brazil ('000)



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Source: SensorTower, Citi Research

No change in Estimates

We have kept our existing estimates unchanged for this report.

Figure 11. Estimates revision

	Net revenues (Rmb m)			Non- GAAP Net Profit (Rmb m)			Non-GAAP Diluted EPS (Rmb)		
Rmb (mn except per share data)	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
3Q26E	114,153	114,153	*0.0%*	2,557	2,557	*0.0%*	0.42	0.42	*0.0%*
4Q26E	109,161	109,161	*0.0%*	2,290	2,290	*0.0%*	0.37	0.37	*0.0%*
2026E	**418,995**	**418,995**	***0.0%***	**2,402**	**2,402**	***0.0%***	**0.39**	**0.39**	***0.0%***
2027E	**475,852**	**475,852**	***0.0%***	**19,987**	**19,987**	***0.0%***	**3.24**		
2028E	**523,572**	**523,572**	***0.0%***	**31,640**	**31,640**	***0.0%***	**5.08**		

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Source: Citi Research Estimates



Figure 12. Detail estimates revision

	3Q26E			4Q26E			2026E			2027E			2028E		
Rmb (mn)	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg	Old	New	% Chg
Core local commerce															
Revenue	**77,267**	**77,267**	**0.0%**	**73,977**	**73,977**	**0.0%**	**286,837**	**286,837**	**0.0%**	**318,547**	**318,547**	**0.0%**	**348,531**	**348,531**	**0.0%**
yoy growth rate %	*15.3%*	*15.3%*		*14.1%*	*14.1%*		*9.8%*	*9.8%*		*11.1%*	*11.1%*		*9.4%*	*9.4%*	
as % of total revenue	67.7%	67.7%		67.8%	67.8%		68.5%	68.5%		66.9%	66.9%		66.6%	66.6%	
Operating profit	**4,150**	**4,150**	**0.0%**	**3,986**	**3,986**	**0.0%**	**11,775**	**11,775**	**0.0%**	**24,346**	**24,346**	**0.0%**	**35,300**	**35,300**	**0.0%**
yoy growth rate %	*NM*	*NM*		*NM*	*NM*		*NM*	*NM*		*NM*	*NM*		*NM*	*NM*	
operating margin	5.4%	5.4%	0.0%	5.4%	5.4%	0.0%	4.1%	4.1%	0.0%	7.6%	7.6%	0.0%	10.1%	10.1%	0.0%
Food delivery															
GTV (Rmb bn)	**336.5**	**336.5**	**0.0%**	**320.1**	**320.1**	**0.0%**	**1,242.4**	**1,242.4**	**0.0%**	**1,330.1**	**1,330.1**	**0.0%**	**1,410.8**	**1,410.8**	**0.0%**
yoy growth rate %	*3.2%*	*3.2%*		*6.7%*	*6.7%*		*5.3%*	*5.3%*		*7.1%*	*7.1%*		*6.1%*	*6.1%*	
Transaction volume	**71.23**	**71.2**	**0.0%**	**66.92**	**66.9**	**0.0%**	**66.41**	**66.4**	**0.0%**	**69.58**	**69.6**	**0.0%**	**72.71**	**72.7**	**0.0%**
yoy growth rate %	*-7.0%*	*-7.0%*		*-3.0%*	*-3.0%*		*-1.6%*	*-1.6%*		*4.8%*	*4.8%*		*4.5%*	*4.5%*	
Revenue	**47,810**	**47,810**	**0.0%**	**46,036**	**46,036**	**0.0%**	**175,647**	**175,647**	**0.0%**	**192,724**	**192,724**	**0.0%**	**206,563**	**206,563**	**0.0%**
yoy growth rate %	*16.8%*	*16.8%*		*17.2%*	*17.2%*		*8.5%*	*8.5%*		*9.7%*	*9.7%*		*7.2%*	*7.2%*	
monetization rate	14.2%	14.2%	0.0%	14.4%	14.4%	0.0%	14.1%	14.1%	0.0%	14.5%	14.5%	0.0%	14.6%	14.6%	0.0%
Operating profit	**536**	**536**	**NM**	**577**	**577**	**NM**	**-2,944**	**-2,944**	**NM**	**6,644**	**6,644**	**NM**	**12,405**	**12,405**	**0.0%**
yoy growth rate %	*-103%*	*-103.1%*		*-105%*	*-104.7%*		*-87.2%*	*-87.2%*		*-325.7%*	*-325.7%*		*86.7%*	*86.7%*	
operating margin	1.1%	1.1%	0.0%	1.3%	1.3%	0.0%	-1.7%	-1.7%	0.0%	3.4%	3.4%	0.0%	6.0%	6.0%	0.0%
Profit per order (Rmb)	**0.08**	**0.08**	**NM**	**0.09**	**0.09**	**NM**	**-0.12**	**-0.12**	**NM**	**0.26**	**0.26**	**NM**	**0.47**	**0.47**	**0.0%**
In-store, hotel and travel															
Revenue	**18,504**	**18,504**	**0.0%**	**17,561**	**17,561**	**0.0%**	**70,980**	**70,980**	**0.0%**	**78,466**	**78,466**	**0.0%**	**87,481**	**87,481**	**0.0%**
yoy growth rate %	*7.1%*	*7.1%*		*8.3%*	*8.3%*		*7.1%*	*7.1%*		*10.5%*	*10.5%*		*11.5%*	*11.5%*	
Operating profit	**4,625**	**4,625**	**0.0%**	**4,415**	**4,415**	**0.0%**	**18,754**	**18,754**	**0.0%**	**21,537**	**21,537**	**0.0%**	**25,265**	**25,265**	**0.0%**
yoy growth rate %	*-3%*	*-3.2%*		*8%*	*7.7%*		*-2.6%*	*-2.6%*		*14.8%*	*14.8%*		*17.3%*	*17.3%*	
operating margin	25.0%	25.0%	0.0%	25.1%	25.1%	0.0%	26.4%	26.4%	0.0%	27.4%	27.4%	0.0%	28.9%	28.9%	0.0%
New initiatives and others															
Revenue	**36,886**	**36,886**	**0.0%**	**35,184**	**35,184**	**0.0%**	**132,158**	**132,158**	**0.0%**	**157,305**	**157,305**	**0.0%**	**175,041**	**175,041**	**0.0%**
yoy growth rate %	*31.5%*	*31.5%*		*29.1%*	*29.1%*		*27.0%*	*27.0%*		*19.0%*	*19.0%*		*11.3%*	*11.3%*	
as % of total revenue	32.3%	32.3%		32.2%	32.2%		31.5%	31.5%		33.1%	33.1%		33.4%	33.4%	
Operating profit (loss)	**-1,723**	**-1,723**	**0.0%**	**-1,846**	**-1,846**	**NM**	**-7,424**	**-7,424**	**0.0%**	**-6,252**	**-6,252**	**NM**	**-4,163**	**-4,163**	**NM**
yoy growth rate %	*na*	*na*		*na*	*na*		*na*	*na*		*na*	*na*		*na*	*na*	
operating margin	-4.7%	-4.7%	0.0%	-5.2%	-5.2%	0.0%	-5.6%	-5.6%	0.0%	-4.0%	-4.0%	0.0%	-2.4%	-2.4%	0.0%
Consolidated															
Total revenues	**114,153**	**114,153**	**0.0%**	**109,161**	**109,161**	**0.0%**	**418,995**	**418,995**	**0.0%**	**475,852**	**475,852**	**0.0%**	**523,572**	**523,572**	**0.0%**
yoy growth rate %	*20.1%*	*20.1%*		*18.5%*	*18.5%*		*14.7%*	*14.7%*		*13.6%*	*13.6%*		*10.0%*	*10.0%*	
Gross profit	**38,832**	**38,832**	**0.0%**	**37,532**	**37,532**	**0.0%**	**137,428**	**137,428**	**0.0%**	**161,647**	**161,647**	**0.0%**	**177,385**	**177,385**	**0.0%**
yoy growth rate %	*60.8%*	*60.8%*		*61.4%*	*61.4%*		*23.6%*	*23.6%*		*17.6%*	*17.6%*		*9.2%*	*9.2%*	
gross margin	34.0%	34.0%	0.0%	34.4%	34.4%	0.0%	32.8%	32.8%	0.0%	34.0%	34.0%	0.0%	33.9%	33.9%	0.0%
Adjusted operating profit (loss)	**2,427**	**2,427**	**0.0%**	**2,140**	**2,140**	**NM**	**4,351**	**4,351**	**0.0%**	**18,095**	**18,095**	**NM**	**31,137**	**31,137**	**0.0%**
yoy growth rate %	*-116%*	*-115.8%*		*-115%*	*-114.6%*		*-126%*	*-125.6%*		*316%*	*315.9%*		*72%*	*72.1%*	
operating margin	2.1%	2.1%	0.0%	2.0%	2.0%	0.0%	1.0%	1.0%	0.0%	3.8%	3.8%	0.0%	5.9%	5.9%	0.0%
Adjusted net profit (loss)	**2,557**	**2,557**	**0.0%**	**2,290**	**2,290**	**NM**	**2,402**	**2,402**	**0.0%**	**19,987**	**19,987**	**NM**	**31,640**	**31,640**	**0.0%**
yoy growth rate %	*-116%*	*-116.0%*		*-115%*	*-115.2%*		*-113%*	*-113%*		*732%*	*731.9%*		*58%*	*58.3%*	
net margin	2.2%	2.2%	0.0%	2.1%	2.1%	0.0%	0.6%	0.6%	0.0%	4.2%	4.2%	0.0%	6.0%	6.0%	0.0%
Adjusted EBITDA	**5,666**	**5,666**	**0.0%**	**5,370**	**5,370**	**NM**	**12,586**	**12,586**	**0.0%**	**31,558**	**31,558**	**NM**	**45,028**	**45,028**	**0.0%**
yoy growth rate %	*-138%*	*-138.2%*		*-138%*	*-138.3%*		*na*	*na*		*180.0%*	*180.0%*		*na*	*na*	
adjusted EBITDA margin	5.0%	5.0%	0.0%	4.9%	4.9%	0.0%	3.0%	3.0%	0.0%	6.6%	6.6%	0.0%	8.6%	8.6%	0.0%

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Source: Citi Research Estimates

3Q26E preview

Meituan has not announced 3Q26 results date, we expect they will report by late Nov.

- **Total revs and profit/loss –** We forecast total revs of Rmb114.2bn (+20% yoy) and adj. net profit of Rmb2.56bn vs. Bloomberg cons. of Rmb113.3bn and Rmb2.2bn.

- **Core local commerce –** We forecast CLC revs +15.3% yoy to Rmb77.3bn and forecast CLC operating profit at Rmb4.15bn or +5.4% margin vs. VisibleAlpha consensus estimated revs of Rmb77.1bn (+15.1% yoy) and OP of Rmb4.15bn. This compared to reported Rmb5.7bn in 2Q26 and -Rmb14bn in 3Q25. The qoq decline mainly reflects food delivery seasonality and higher subsidies to riders and stepping up promotional user subsidies.

- **Food delivery –** We estimate food delivery GTV of Rmb337bn (+3.2% yoy), attributed to -7% yoy decline (mainly due to exceptionally high base last year) in daily transaction volume to 71.2mn or 6.5bn for the quarter offset by 11% yoy increase in AOV to Rmb51.4, with revs. +16.8% yoy to Rmb47.8bn, implying monetization rate of 14.2% benefiting from the decline in counter revs subsidies. We forecast OpM for food delivery at +1.1% or UE of +Rmb0.08 vs our estimated UE of Rmb0.20 per order in 2Q26.

- **In-store –** We forecast in-store revs of Rmb18.5bn (+7.1% yoy). We estimate adjusted Op to -3.2% yoy to Rmb4.63bn or 25% margins (mainly reflecting higher investment spend amid seasonality) compared to our estimated 30.3% in 2Q26 and 27.7% in 3Q25.

- **New initiatives –** We forecast new initiatives revs +31.5% yoy to Rmb36.9bn (vs. VA consensus of Rmb36.8bn) with operating loss of Rmb1.72bn (vs VA of -Rmb1.75bn) mainly reflecting growth of XiaoXiang Supermarket and Keeta expansion.

- **Expectation** – While we believe Meituan will likely report 3Q26 in-line to slightly better than our and consensus forecast, we are cautious investors might have higher expectations than consensus, especially on the food delivery Unit Economics trend. We see small chance that new initiatives loss could come slightly wider given the recent expansion push into Brazil.

- **Focus on the call:** 1) competitive landscape in in-store business and on-demand delivery; 2) transaction volume, AOV, revenues and UE trend for food delivery for 4Q26 and into 2027; 3) investment cycles for Xiaoxiang Supermarkets and AI initiatives; 4) Keeta expansion progress in Brazil and target for 2027; 5) consumption demand and sentiment on travel, hotel and local services activities; 6) capital allocation and shareholder returns.

4Q26E outlook

We model 4Q26E total revs to +18.5% yoy to Rmb109.2bn vs consensus of Rmb107.7bn driven by core local commerce/new initiatives & others at Rmb74bn (+14.1% yoy)/Rmb35.2bn (+29.1% yoy). We model group adj. net profit at Rmb2.3bn or 2.1% margin vs cons. of Rmb3.08bn.

  - We model CLC revs to +14% yoy to Rmb74bn and operating profit at Rmb4.0bn or +5.4% margins vs VA consensus of Rmb72.7bn and +Rmb5bn. Within that, we forecast food delivery revs +17.2% yoy to Rmb46bn and operating profit of Rmb577mn or Rmb0.09 profit per order.

  - We model instore revs to +8.3% yoy to Rmb17.6bn and OP of Rmb4.4bn or margin of 25.1%.

  - We model new initiatives revs to +29% yoy to Rmb35.2bn and operating loss at Rmb1.85bn compared to VA consensus of Rmb35.2bn and -Rmb2.2bn.

- **Expectation** – While we expect 4Q is typically softer season, given continued improving competitive landscape and stabilizing subsidy investment pace, we believe food delivery UE likely to show sequential improvement from 3Q thanks to operating efficiency. On the other hand, with more aggressive expansion into more cities in Brazil, we believe loss from new initiatives likely to trend higher compared to 3Q.

Figure 13. Citi estimates vs. consensus

	Total revenues (RMB m)			Non-GAAP Net Profit (RMB m)			Non-GAAP Diluted EPADS (RMB)		
RMB m (except per share data)	Citi	Consensus	% Dif	Citi	Consensus	% Chg	Citi	Consensus	% Chg
3Q26E	114,153	113,346	*0.7%*	2,557	2,200	***NM***	0.42	0.31	***NM***
4Q26E	109,161	107,662	*1.4%*	2,290	3,081	***NM***	0.37	0.42	***NM***
2026E	**418,995**	**417,512**	***0.4%***	**2,402**	**1,591**	***NM***	**0.39**	**0.26**	***NM***
2027E	**475,852**	**472,904**	***0.6%***	**19,987**	**23,526**	***-15.0%***	**3.24**	**3.80**	***-14.7%***
2028E	**523,572**	**531,660**	***-1.5%***	**31,640**	**39,189**	***-19.3%***	**5.08**	**6.29**	***-19.2%***

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Source: Citi Research Estimates

Maintain Buy/High Risk and TP of HK$120

As we have retained our forecast unchanged for this report, our TP is also unchanged at HK$120.

Our SOTP values Meituan at HK$742.6bn (~US$95.2bn) or HK$120 per share, on 2027 estimates based on: 1) 1.3x 2027E revenues for the food delivery and Meituan Instashopping business, 2) 8x 2027E adjusted net profit for in-store and travel related business; 3) 1.0x 2027E revenues from new initiatives ex-grocery retail; 4) 1.0x P/S to 2027E total grocery retail revs, and 5) 30% discount to net cash balance for 2Q26.

- **On-demand delivery business** — We forecast food delivery revenues to reach Rmb192.7bn in 2027E while revenues for Meituan Instashopping and others to reach Rmb47bn in 2027E. Applying multiple of 1.3x P/S to Meituan's combined food delivery and Meituan Instashopping business yields a total value of HK$347.8bn (US$44.6bn) or ~HK$56 per share. The 1.3x multiple reflects ~33% discount to peer average under intensified competitive landscape currently.

- **In-store hotel and travel** — We forecast in-store, hotel and travel revenues to reach Rmb78.5bn in 2027E. Applying 8x to our adjusted net profit of Rmb19.8bn yields a value of HK$176bn (US$22.6bn) or HK$28.5 per share. We believe 8x is reasonable considering on-going competition from Douyin.

- **Core local commerce** – Since core local commerce consist of food delivery, Meituan Instashopping, in-store and travel-related business, this yields a value of HK$523.9bn (US$67bn) or HK$85 per share.

- **New initiatives excluding grocery retail** – We model revs for New initiatives excluding grocery retail to reach Rmb65bn in 2027E, apply 1.0x P/S will result to HK$72bn (US$9.3bn) or HK$11.79 per share. Our 1.0x multiple reflects successful execution proven in Hong Kong and Saudi Arabia with improving margin trajectory for Keeta in overseas.

- **Grocery retail** – We forecast total grocery retail revs to reach Rmb92bn in 2027E, applying 1.0x P/S will result to HK$102.5bn (US$13.1bn) or HK$16.60 per share.

- **New initiatives** – Combining grocery retail with other new initiatives, this yields a value of HK$175bn (US$22.5bn) or HK$28.39per share. We did not give a separate valuation for Keeta.

- **Cash balance** — We include cash, cash equivalent and short-term investment but exclude restricted cash. We use 2Q26 actual net cash balance and apply a 30% discount.
- **SOTP** — Adding together, our SOTP valuation for Meituan comes to HK$120 per share.

Maintain Buy/High Risk. We remain confident that management's solid execution and focus on high-quality, AI-powered growth will enable the company to navigate ongoing macro and competitive challenges.

Figure 14. SOTP valuation

	2025A	2026E	2027E
Core local commerce			
Revenues (Rmb mn)	**261,177.1**	**286,837.4**	**318,547.0**
Food delivery	161,850.9	175,646.6	192,724.3
Meituan Instashopping and others	33,075.6	40,210.9	47,356.9
In-store, hotel and travel	66,250.6	70,979.9	78,465.8
Operating profit (Rmb mn)	**(6,904.1)**	**11,774.5**	**24,346.3**
Food delivery	(23,003.3)	(2,944.1)	6,644.3
Meituan Instashopping and others	(3,152.2)	(4,035.4)	(3,834.8)
In-store, hotel and travel	19,251.4	18,754.0	21,536.9
Adjusted EBITDA (Rmb mn)	**(7,285.2)**	**15,266.4**	**34,301.3**
Food delivery	(18,582.9)	1,628.9	10,940.8
Meituan Instashopping and others	(9,765.6)	(6,978.1)	71.2
In-store, hotel and travel	21,063.3	20,615.6	23,289.3
Effective tax rate	6%	0%	8%
Non-GAAP NP for in-store, hotel and travel (Rmb mn)	**18,101.7**	**18,743.5**	**19,756.3**
Segment enterprise valuation (Rmb mn)			470,155.8
Segment enterprise valuation (USD mn)			67,165.1
Segment enterprise valuation (HKD mn)			**523,887.9**
Value per share (HKD)			**84.85**
Food delivery, Meituan Instashopping and others			
Target P/S Multiple			**1.3x**
Enterprise valuation (Rmb mn)			312,105.6
Enterprise valuation (USD mn)			44,586.5
Enterprise valuation (HKD mn)			**347,774.8**
Value per share (HKD)			**56.33**
In-store, hotel and travel			
Target P/E Multiple			**8.0x**
Enterprise valuation (Rmb mn)			158,050.3
Enterprise valuation (USD mn)			22,578.6
Enterprise valuation (HKD mn)			**176,113.2**
Value per share (HKD)			**28.52**
New initiatives			
Revenues (Rmb mn)	**104,028.7**	**132,158.1**	**157,305.3**
New initiatives excluding Meituan Grocery	37,213.3	53,113.7	65,308.4
Meituan Grocery	66,815.3	79,044.4	91,996.9
Segment enterprise valuation (Rmb mn)			157,305.3
Segment enterprise valuation (USD mn)			22,472.2
Segment enterprise valuation (HKD mn)			**175,283.1**
Value per share (HKD)			**28.39**
New initiatives excluding Meituan Grocery			
Target P/S Multiple			**1.0x**
Enterprise valuation (Rmb mn)			65,308.4
Enterprise valuation (USD mn)			9,329.8
Enterprise valuation (HKD mn)			**72,772.2**
Value per share (HKD)			**11.79**
Grocery Retail revenues			
Target P/S Multiple			**1.0x**
Enterprise valuation (Rmb mn)			91,996.9
Enterprise valuation (USD mn)			13,142.4
Enterprise valuation (HKD mn)			**102,510.9**
Value per share (HKD)			**16.60**
Net cash (based on 2Q26A)			
Total cash & ST (Rmb mn)			168,314.2
Total debt (Rmb mn)			88,701.3
Net cash (Rmb mn) (30% discount)			39,010.3
Net cash (USD mn)			5,572.9
Net cash (HKD mn)			**43,468.7**
Net cash per share (HKD)			**7.04**
WA # of shares			6,174.13
USD: HKD			7.80
USD: RMB			7.00
Total (HKD)			**120**
Total Market cap (HKD)			742,639.7
Total market cap (USD)			95,210.2

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Source: Citi Research Estimates

Figure 15. Meituan – Income Statement

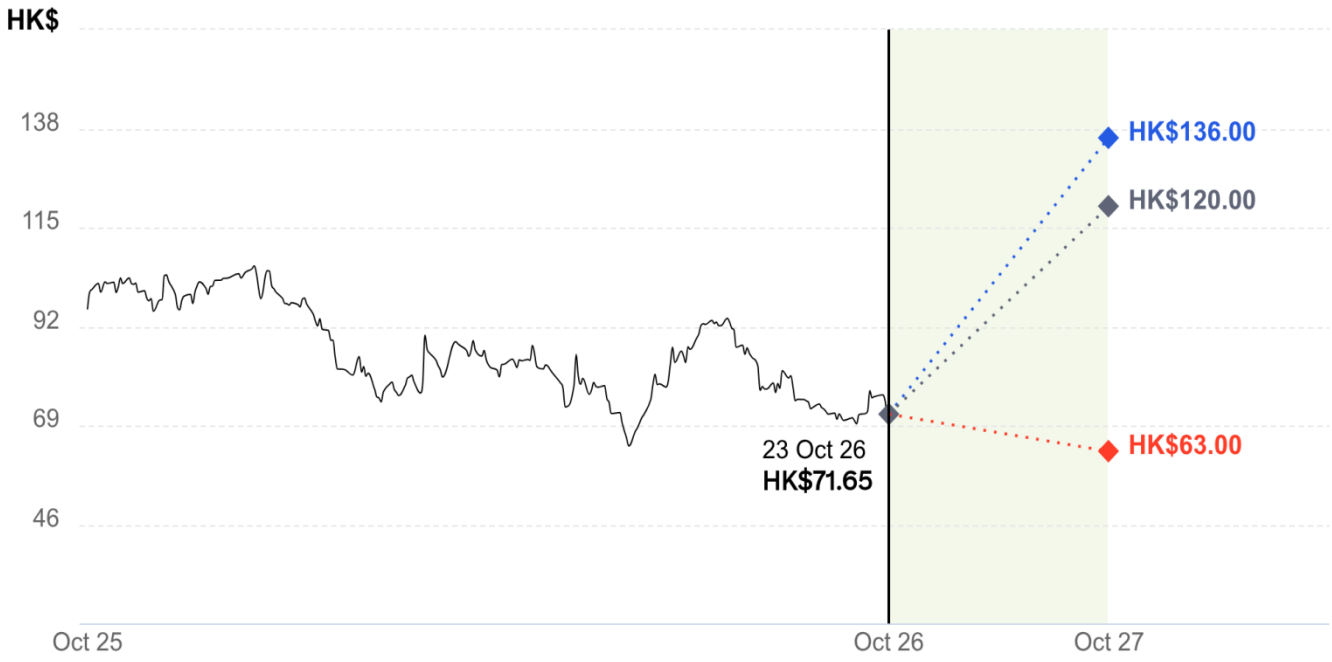
(Rmb mn)	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	2027E	2028E
Core local commerce	261,177	64,063	71,531	77,267	73,977	286,837	318,547	348,531
New initiatives	104,029	26,976	33,112	36,886	35,184	132,158	157,305	175,041
Total revenues	**365,206**	**91,039**	**104,643**	**114,153**	**109,161**	**418,995**	**475,852**	**523,572**
YoY growth %	*8.2%*	*5.2%*	*14.4%*	*20.1%*	*18.5%*	*14.7%*	*13.6%*	*10.0%*
QoQ growth %		*-1.1%*	*14.9%*	*9.1%*	*-4.4%*			
Total cost of revenues	**253,846**	**65,069**	**69,548**	**75,321**	**71,629**	**281,567**	**314,205**	**346,187**
Gross profit	**101,437**	**23,159**	**32,242**	**35,546**	**34,418**	**125,365**	**147,440**	**161,039**
Gross margin %	*30.5%*	*28.5%*	*33.5%*	*34.0%*	*34.4%*	*32.8%*	*34.0%*	*33.9%*
Selling and marketing expenses	103,285	22,969	24,723	26,089	24,854	98,635	101,270	103,415
Research and development expenses	25,998	7,043	7,670	7,762	7,860	30,335	31,951	32,362
General and administrative expenses	12,788	3,419	3,559	3,653	3,711	14,343	15,230	15,923
Fair value changes on investments	2,393	392	55	50	50	547	200	200
Other (losses)/gains, net	3,278	599	3,494	(300)	(300)	3,493	(400)	(400)
Operating income (loss)	**(25,041)**	**(6,470)**	**2,691**	**1,077**	**857**	**(1,845)**	**12,996**	**25,485**
Operating margin %	*-6.9%*	*-7.1%*	*2.6%*	*0.9%*	*0.8%*	*-0.4%*	*2.7%*	*4.9%*
Non-GAAP operating income	**(16,986)**	**(4,146)**	**3,929**	**2,427**	**2,140**	**4,351**	**18,095**	**31,137**
Non-GAAP operating margin %	*-4.7%*	*-4.6%*	*3.8%*	*2.1%*	*2.0%*	*1.0%*	*3.8%*	*5.9%*
Net income (loss) attributable to ordinary shareholders	**(23,355)**	**(6,827)**	**2,155**	**1,143**	**951**	**(2,578)**	**12,838**	**23,835**
Net margin %	*-6.4%*	*-7.5%*	*2.1%*	*1.0%*	*0.9%*	*-0.6%*	*2.7%*	*4.6%*
Non-GAAP net income attributable to equity holders	**(18,649)**	**(4,968)**	**2,523**	**2,557**	**2,290**	**2,402**	**19,987**	**31,640**
Non-GAAP net margin %	*-5.1%*	*-5.5%*	*2.4%*	*2.2%*	*2.1%*	*0.6%*	*4.2%*	*6.0%*
Adjusted EBITDA	**(13,783)**	**(3,049)**	**4,098**	**5,666**	**5,370**	**12,586**	**31,558**	**45,028**
Adjusted EBITDA margin %	*-3.8%*	*-3.3%*	*3.9%*	*5.0%*	*4.9%*	*3.0%*	*6.6%*	*8.6%*
Non-GAAP diluted net income (loss) per share (Rmb)	**(3.07)**	**(0.83)**	**0.41**	**0.42**	**0.37**	**0.39**	**3.24**	**5.08**
Non-GAAP diluted net income (loss) per share (HK$)	**(3.40)**	**(0.94)**	**0.48**	**0.48**	**0.43**	**0.45**	**3.73**	**5.87**
Food delivery								
GTV (Rmb bn)	**1,180**	**270**	**316**	**337**	**320**	**1,242**	**1,330**	**1,411**
yoy growth %	*7.9%*	*4.2%*	*7.2%*	*3.2%*	*6.7%*	*5.3%*	*7.1%*	*6.1%*
No. of food delivery transactions (mn)	**24,641**	**5,419**	**6,110**	**6,553**	**6,157**	**24,240**	**25,397**	**26,540**
yoy growth %	*12.3%*	*5.3%*	*0.2%*	*-7.0%*	*-3.0%*	*-1.6%*	*4.8%*	*4.5%*
Average order value (Rmb)	**47.9**	**49.9**	**51.6**	**51.4**	**52.0**	**51.3**	**52.4**	**53.2**
yoy growth %	*-4.0%*	*-1.0%*	*7.0%*	*11.0%*	*10.0%*	*7.1%*	*2.2%*	*1.5%*
Revenues (Rmb mn)	**161,851**	**37,825**	**43,975**	**47,810**	**46,036**	**175,647**	**192,724**	**206,563**
yoy growth %	*-2.7%*	*-8.4%*	*9.0%*	*16.8%*	*17.2%*	*8.5%*	*9.7%*	*7.2%*
Operating profit (Rmb mn)	**(23,003)**	**(5,271)**	**1,214**	**536**	**577**	**(2,944)**	**6,644**	**12,405**
Operating margin	*-14.2%*	*-13.9%*	*2.8%*	*1.1%*	*1.3%*	*-1.7%*	*3.4%*	*6.0%*
Operating profit per order (Rmb)	**(0.93)**	**(0.97)**	**0.20**	**0.08**	**0.09**	**(0.12)**	**0.26**	**0.47**
In-store, hotel and travel								
Revenues (Rmb mn)	**66,251**	**16,869**	**18,047**	**18,504**	**17,561**	**70,980**	**78,466**	**87,481**
yoy growth %	*12.7%*	*8.3%*	*5.0%*	*7.1%*	*8.3%*	*7.1%*	*10.5%*	*11.5%*
Operating profit (Rmb mn)	**19,251**	**4,250**	**5,464**	**4,625**	**4,415**	**18,754**	**21,537**	**25,265**
Operating margin	*29.1%*	*25.2%*	*30.3%*	*25.0%*	*25.1%*	*26.4%*	*27.4%*	*28.9%*
New initiatives								
Revenues (Rmb mn)	**104,029**	**26,976**	**33,112**	**36,886**	**35,184**	**132,158**	**157,305**	**175,041**
yoy growth %	*19.1%*	*21.3%*	*25.0%*	*31.5%*	*29.1%*	*27.0%*	*19.0%*	*11.3%*
Operating profit (Rmb mn)	**(10,082)**	**(2,116)**	**(1,739)**	**(1,723)**	**(1,846)**	**(7,424)**	**(6,252)**	**(4,163)**
Operating margin	*-9.7%*	*-7.8%*	*-5.3%*	*-4.7%*	*-5.2%*	*-5.6%*	*-4.0%*	*-2.4%*

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Source: Company Reports and Citi Research Estimates

Bull/Bear: Meituan (3690.HK)

HK$136.00 ▲90% Upside | HK$120.00 ▲67% Upside | HK$63.00 ▼12% Downside



Spread 102pp
Current Price and expected returns (upside/downside) as of 23 Oct 2026

BULL Assumptions

- Target P/S multiple of on-demand delivery at 1.5x.
- Target P/E multiple of in-store, hotel and travel at 10x.

BASE Assumptions

- Target P/S multiple of on-demand delivery at 1.3x.
- Target P/E multiple of in-store, hotel and travel at 8x.

BEAR Assumptions

- Target P/S multiple of on-demand delivery at 0.4x.
- Target P/E multiple of in-store, hotel and travel at 3x.

Meituan

Company description

Meituan is China's leading e-commerce platform for services focusing on mass-market, essential, and high-frequency service categories to connect consumers and merchants. Meituan mainly generates revenue from its food delivery business, in-store hotel & travel business, and new initiatives and others. Meituan operates mobile apps including Meituan, Dianping, Meituan Waimai and Mobike to provide services for merchants and consumers.

Investment strategy

We have a Buy/High Risk rating on Meituan shares. While we acknowledge uncertainty remains in the competitive landscape in both food delivery and in-store segment, we are encouraged by the significant qoq improvement in on-demand losses. While we forecast CLC to resume profitability in 3Q26, there is a possibility that the loss reduction could come sooner in 2Q26, which would be supportive to share performance. Since overall competitive dynamic remains dynamic, we retain the High Risk rating to reflect high volatility to share price movement in any positive or negative news from regulation, competition and external unforeseen Middle East conflicts.

Valuation

We use a sum-of-the-parts (SOTP) approach to value Meituan shares.

1) Food delivery and Meituan Instashopping business: Applying 1.3x P/S to Meituan's food delivery and Meituan Instashopping business yields a total value of HK$348bn, or ~HK$56 per share.

2) In-store hotel and travel: Applying an 8x multiple to our adjusted net profit of Rmb19.8bn yields a value of HK$176bn, or ~HK$29 per share.

3) New initiatives excluding grocery retail: Applying 1.0x P/S results in HK$72.8bn, or ~HK$11.8 per share.

4) Grocery retail (including Meituan Select): Applying 1.0x P/S results in HK$102.5bn, or ~HK$16.6 per share.

5) Cash balance: We include cash, cash equivalent and short-term investments, but exclude restricted cash. We use 2Q26 actual net cash balance in our valuation.

Added together, our SOTP valuation for Meituan comes to a target price of HK$120 per share.

Risks

We assign a High Risk rating to Meituan for higher volatility amid intensifying competition. Downside risks to achieving our target price include: 1) intense competition continues and food delivery UE remains loss making; 2) tough competitive landscape for in-store and hotel business that pressures