

**Alibaba Group Holding Limited****9988.hk**Bloomberg 9988.hk  
Reuters 9988.hk**Alibaba Group's revenue falls short of expectations, continuing to grapple with a price war.****Earnings Result**

The comparison between the previous and current quarters of Alibaba Group's financial results reveals a significant shift in the company's outlook. While the previous quarter showcased positive growth and improved profitability, the current quarter presents challenges with decreases in net income and income from operations. These declines were primarily attributed to mark-to-market changes from equity investments and impairment of intangible assets and goodwill. Despite these setbacks, Alibaba remains committed to its strategies and business plans for future growth. It is important to note, however, that forward-looking statements provided by the company come with inherent risks and uncertainties.

**Net profit growth QoQ and YoY**

The net profit for the quarter ended December 31, 2023, was RMB10,717 million, a significant decrease of 77% compared to RMB45,746 million in the same quarter of 2022 and also missed estimates. This decline in net profit indicates a negative growth in profitability year-over-year.

**Revenue growth of each business**

In the quarter ended December 31, 2023, the revenue from Alibaba's China commerce retail business increased by 1% compared to the same quarter of 2022 but missed expectation. This growth was primarily driven by healthy growth in online GMV generated on Taobao and Tmall, offset by a decline in overall take rate. Revenue from the China commerce wholesale business increased by 23% due to an increase in revenue from value-added services provided to paying members. The Cloud Intelligence Group also experienced revenue growth of 3%, driven by revenue from public cloud products and services.

**Operating margin**

The operating margin for the quarter ended December 31, 2023, was 9%, a decrease of 36% compared to the same quarter in 2022. This decrease was primarily due to the impairment of intangible assets of Sun Art and impairment of goodwill of Youku. However, adjusted EBITDA and adjusted EBITA increased by 1% and 2% respectively, primarily driven by revenue growth and improved operating efficiency.

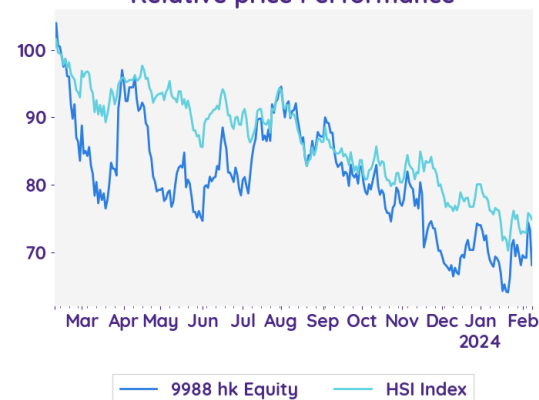
**Balance sheet and cashflow**

Net cash provided by operating activities for the quarter ended December 31, 2023, was RMB64,716 million, a decrease of 26% compared to the same quarter in 2022. Free cash flow, a non-GAAP measurement of liquidity, was RMB56,540 million, a decrease of 31% compared to the previous year. The decrease in free cash flow was attributed to increased capital expenditures and one-time factors such as timing of income tax payments and working capital changes. Net cash used in investing activities was RMB30,925 million, primarily reflecting an increase in other treasury investments and capital expenditures. Net cash used in financing activities was RMB17,214 million, primarily due to cash used in repurchase of ordinary shares.

**Risks and concerns**

The current risks that Alibaba is facing include its corporate structure, maintaining the trusted status of its ecosystem, competition and innovation, economic and business conditions, geopolitical tensions, acquisitions and investments, complex laws and regulations, cybersecurity risks, and the impact of the COVID-19 pandemic.

REVENUE - %CHG YOY	1Q23	2Q23	3Q23	4Q23	1Q24
Taobao & Tmall Group	12.1%	4.2%	1.6%	5.8%	2.5%
International Digital Commerce	43.2%	55.7%	46.5%	32.8%	22.1%
Local Services Group	29.8%	16.3%	13.2%	13.2%	13.5%
Cainiao Smart Logistics Network	90.8%	70.7%	72.0%	57.0%	14.6%

**Relative price Performance**

SENTIMENT	2Q23	3Q23	4Q23	1Q24
net profit	Positive	Positive	Positive	Negative
margin	Neutral	Positive	Positive	Neutral
revenue	Neutral	Positive	Positive	Positive

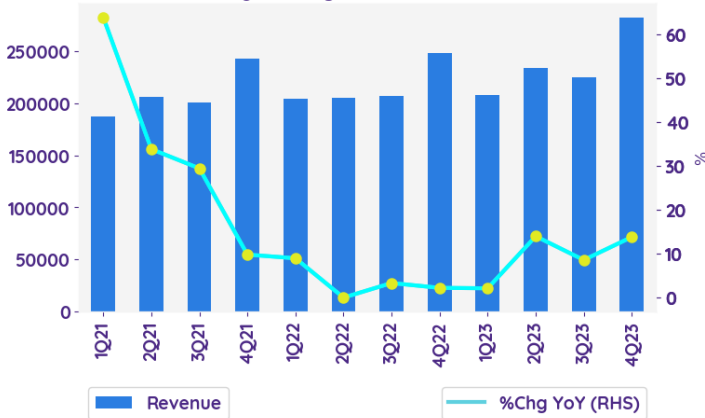
STOCK DATA	
Market Cap (HKD Billion)	1415.16
Beta	1.66
Last close	69.55
12-m Low / High	64.6 / 108.5
Target price	110.00
Return Potential	58.2 %
% of Buy / Sell rating	97.0 % / 0.0 %

VALUATION DATA	12M FORWARD	5-YR AVERAGE
P/E	7.88	
P/B	1.21	
P/S	1.38	
EV/EBITDA	3.98	
Dividend Yield	0.0 %	

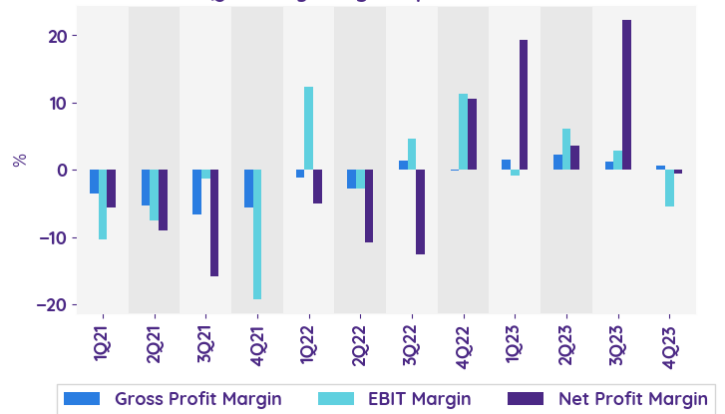
### Alibaba Group Holding Limited

Alibaba Group Holding Limited provides online sales services. The Company provides internet infrastructure, electronic commerce, online financial, and internet content services through its subsidiaries. Alibaba Group Holding offers its products and services worldwide.

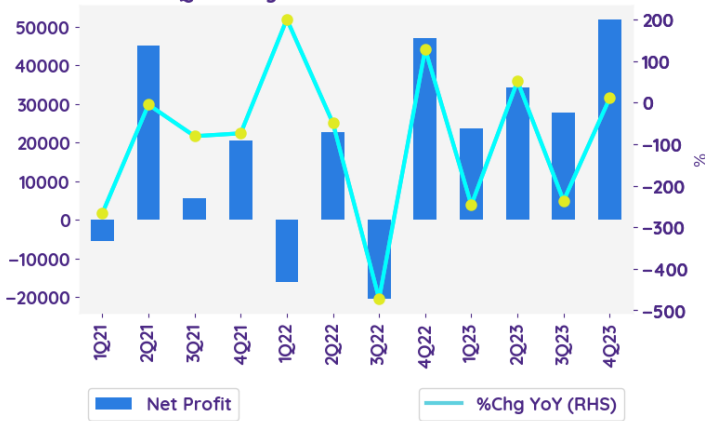
Quarterly Revenue Trend



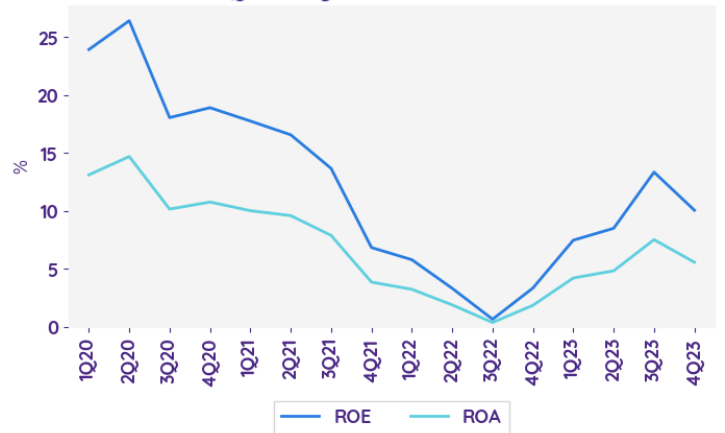
Quarterly Margin Expansion Trend



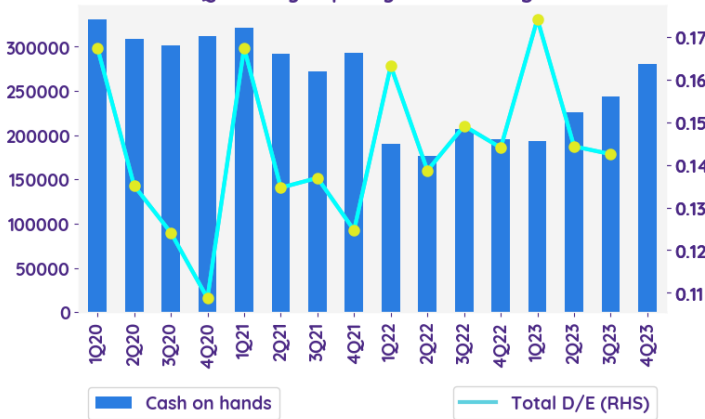
Quarterly Net Profit Growth Trend



Quarterly ROE and ROA Trend



Quarterly Liquidity and Leverage



Quarterly Cash Flows Trend

