

10 October 2025

Recommendation	Price Target	PT End Date	Price	Upside/Downside to PT
Neutral	\$125.00	30-Jun-26	\$124.27	0.59%

Pinduoduo Inc. operates as an e-commerce platform. The Company offers a wide range of merchandise online including groceries, fashion, beauty, and electronics. Pinduoduo serves customers worldwide.



Note: All analysts forecasts are as of last note published on 25-Aug-2025

Source: Bloomberg Finance L.P., World Trade estimates.

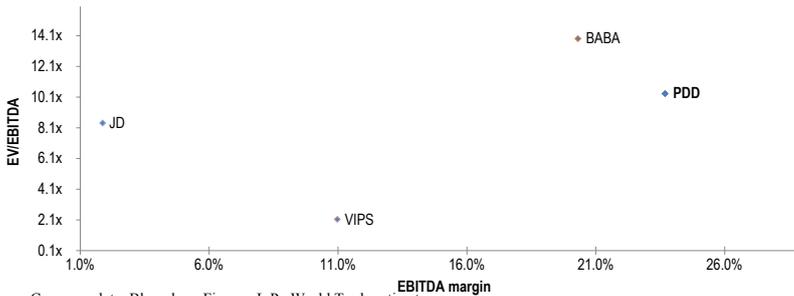
The Upside/Downside to PT is calculated based on the previous day's closing price which is quoted above.

Key Financials (Rmbmn, year end Dec)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	247,639	393,836	435,205	522,794	619,419
EBITDA	66,564	119,015	103,077	137,392	167,072
EBIT	65,778	118,306	102,424	136,608	166,142
Pretax Income	78,960	142,568	127,112	161,161	191,899
Net Profit	67,899	122,318	106,822	133,740	155,303
Total Assets	348,078	505,034	615,438	759,389	922,859
Shareholder Equity	187,242	313,313	420,769	555,293	711,525
Adjusted Net Debt/(Cash)	(115,900)	(120,885)	(228,953)	(369,298)	(528,642)
Capex	(584)	(967)	(1,504)	(1,807)	(2,141)
Free Cash Flow to firm	102,243	138,594	126,649	160,324	179,803
EPS (Rmb)	43.83	82.10	71.85	91.21	106.89
DPS	n/a	n/a	n/a	n/a	n/a

Key Ratios	FY23	FY24	FY25E	FY26E	FY27E
EBITDA Margin	26.9%	30.2%	23.7%	26.3%	27.0%
EBIT Margin	26.6%	30.0%	23.5%	26.1%	26.8%
Net Margin	27.4%	31.1%	24.5%	25.6%	25.1%
Payout Ratio	n/a	n/a	n/a	n/a	n/a
Net Debt/Equity (excl MI)	NM	NM	NM	NM	NM
FCF Yield	7.8%	10.6%	9.6%	12.2%	13.7%
P/E	20.2x	10.8x	12.3x	9.7x	8.3x
EV/EBITDA	17.7x	9.9x	10.3x	6.7x	4.6x
ROE	44.5%	48.9%	29.1%	27.4%	24.5%

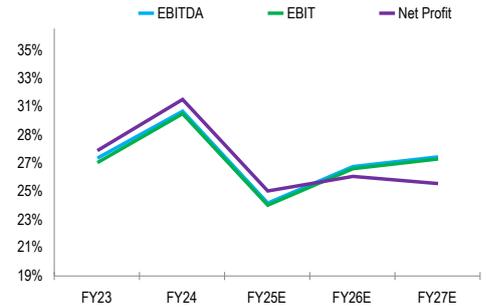
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Chart FY25



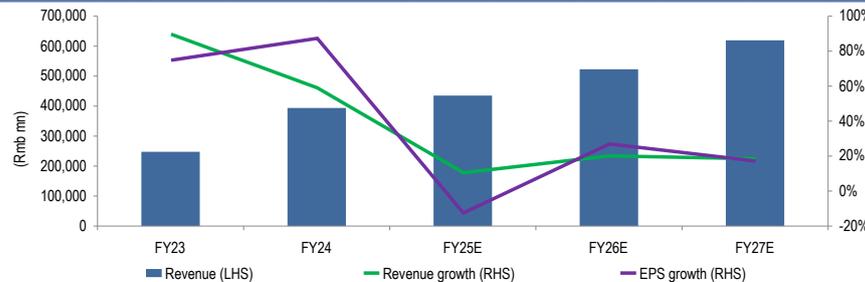
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Margin Analysis (PDD)



Source: Company data, World Trade estimates.

Revenue and EPS growth



Source: Company data, World Trade estimates.

Company Data

Market Cap (USDmn)	176,419
Shares O/S (mn)	1,420
Float	n/a
Dividend Yield	n/a
EPS (Rmb)	71.85
3M - Avg daily volume (mn)	8.46
52 wk High/Low (\$)	145.37-87.11

WTS EPS Estimate		BBG EPS Estimate	
FY25E	FY26E	FY25E	FY26E
71.85	91.21	68.96	84.13

Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Analysis	Ticker	Fiscal Year End	Last Note Published	Rating	Price Target	Mkt Cap (\$mn)	EV/EBITDA		P/BV		P/E		ROE	
							FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Local peers														
Alibaba Group Holding Limited (B)	BABA	2025/3	08-Oct-25	OW	\$240.00	379,092	13.9x	17.8x	2.6x	2.3x	21.1x	25.5x	15.7%	9.8%
JD.com, Inc.	JD	2024/12	14-Aug-25	NR	n/a	41,152	8.4x	5.0x	2.1x	1.9x	12.2x	9.3x	10.1%	12.4%
Vipshop	VIPS	2024/12	14-Aug-25	OW	\$21.00	8,326	2.1x	1.5x	1.4x	1.1x	10.4x	9.8x	19.4%	17.5%
Global peers														
Amazon.com	AMZN	2024/12	13-Aug-25	OW	\$265.00	2,338,094	14.2x	11.3x	6.0x	4.7x	31.8x	27.9x	29.0%	25.2%
eBay, Inc	EBAY	2024/12	31-Jul-25	N	\$84.00	41,619	11.7x	10.7x	7.0x	6.4x	16.3x	14.8x	46.3%	45.6%
PDD HOLDINGS INC	PDD	2024/12	25-Aug-25	N	\$125.00	176,419	10.3x	6.7x	3.1x	2.4x	12.3x	9.7x	29.1%	27.4%
Median							11.0x	8.7x	2.9x	2.3x	14.3x	12.3x	24.2%	21.4%
Mean							10.1x	8.8x	3.7x	3.1x	17.4x	16.2x	24.9%	23.0%
High							14.2x	17.8x	7.0x	6.4x	31.8x	27.9x	46.3%	45.6%
Low							2.1x	1.5x	1.4x	1.1x	10.4x	9.3x	10.1%	9.8%

Source: Company data, World Trade estimates.



Investment Thesis

Although management's continued emphasis that current profitability is not sustainable is consistent with what they have been saying since last August, as PDD will invest more for the long term, PDD's share price is approaching a YTD high. We think its margins may roll over again in 3Q25, leaving visibility on 2026 profit still unclear. We believe the best investment strategy is to wait for a more attractive valuation as a margin of safety. We stay Neutral.

Valuation

Our Jun-26 PT of US\$125 is based on 10x 2026E P/E, lower than Alibaba/Kuaishou's 12x-13x, which enjoys a premium from AI exposure, in our view. PDD's valuation discount is justified by its poor transparency and low financial visibility even for the next quarter, in our view.

Risks to Rating and Price Target

Key downside risks to our rating and price target include: 1) worse-than-expected profit decline in coming quarters due to more investments; 2) US imposes high tariff on all products from China, disrupting Temu's growth trend and path to turn profitable; 3) China consumption growth begins to deteriorate again.

Key upside risks include: 1) profit starts to rebound despite the management's message of further investments; 2) US quickly announces benign tariff hikes on Chinese products; 3) China government rolls out more aggressive stimulus policies.