



KOTA INVESTMENT CLUB
STOCK PITCHES

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PDD Holdings Inc. (PDD)

Company Overview

PDD Holdings Inc. is a Dublin-based multinational e-commerce group founded in 2015. It operates Pinduoduo, a diverse online marketplace, and Temu, a global platform helping merchants streamline production and sales.

- Sector & Industry: Consumer Discretionary & Retail

➤ Beta (Volatility): 0,05

➤ Current Price vs. 52-Week Range: \$112,8 vs. [\$87,1 – \$139,4]
- Market Cap: \$160,8 billion

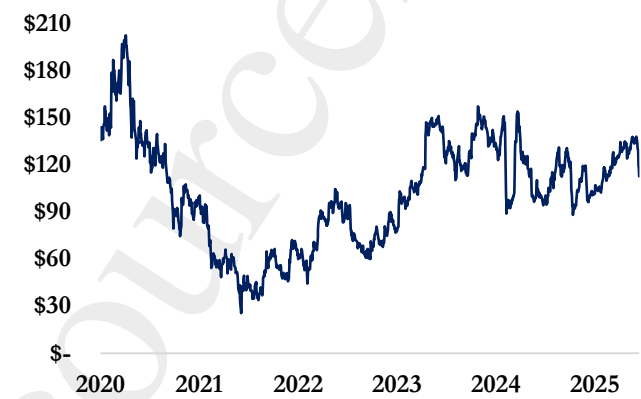
➤ Dividend yield: 0,0%

➤ Target Price: \$145,38 (+28,6%)

Industry Outlook

- Global e-commerce sales are forecast to hit about \$6,42 trillion in 2025, around 6,8% growth year over year.
- Social commerce is expanding fast: the global social-commerce market is expected to exceed \$2 trillion by 2025.
- E-commerce’s share of total retail is rising by 2030, online will account for around 31% of global retail sales.
- 59% of online shoppers globally buy from retailers outside their home country, and 35% do this at least once a month.

Stock Price over the last 5 years



Company Financials

Year	Revenue	EBITDA	EBIT	Net Profit
2024	\$53 957	\$14 951	\$14 854	\$15 404
2023	\$34 924	\$8 389	\$8 278	\$8 465
2022	\$18 929	\$4 730	\$4 408	\$4 573
2021	\$14 789	\$1 321	\$1 086	\$1 223
2020	\$9 112	-\$1 337	-\$1 437	-\$1 100

Key Financial Ratios (2024)

Profitability Ratio		Solvency Ratio	
ROE	44,9%	D/E	0,03x
ROA	15,9%	Int. Coverage	NA
Margin Ratio		Liquidity Ratio	
Gross Profit	60,9%	Current	2,21x
EBITDA	27,7%	Quick	1,82x

Investment Thesis

PDD Holdings, parent company of Pinduoduo and Temu, delivered strong results in 2024 with revenue of \$54,0 billion and net profit of \$15,4 billion, nearly doubling year over year. The firm achieved an operating margin above 27% and holds now over 60 billion in cash, which is more than 37% its market capitalization. Growth was driven by robust domestic demand and Temu’s rapid global expansion, which continues to capture market share across major regions. Despite competition from Alibaba, JD.com, and Amazon, as well as rising e-commerce tensions between China and the US/EU, PDD continues to growth thanks to its exceptional profitability, well managed operations and cash-rich balance sheet.

Main Catalysts & Risks in Company Growth

Catalysts	Risks
➤ Rapid global rollout of Temu driving user growth and sales	➤ Intensifying competition from Alibaba, JD.com, and Amazon
➤ High engagement supported by marketing and low prices	➤ Regulatory scrutiny and US/EU - China trade tension
➤ Strong balance sheet enabling investment and innovation	➤ Margin pressure from logistics and overseas marketing spend

Recommendations

PDD Holdings’ strong financial performance and exceptional profitability position the company for continued value creation. Trading between \$87,1 and \$139,4, with a target price of \$145,38, the stock offers meaningful upside. Supported by EPS of roughly \$10,7 and a low P/E multiple of about 11,7x, PDD remains significantly undervalued relative to its earnings power. The group also holds more than \$60 billion in cash, providing ample capacity for a share buyback at an attractive valuation. While investors must remain cautious amid rising regulatory and trade tensions between the US, Europe, and China, particularly regarding Temu’s international operations, PDD’s efficient cost structure and accelerating global reach make the stock a compelling buy, with long-term performance, however dependent on future regulatory developments in Western markets.