

Analysis of YITU Technology

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Abstract: There are infinite possibilities for the future of artificial intelligence, and its development is changing the future of human beings. The future AI will surround us like the Internet does today, completely changing the state of human politics, economy, society, and life. YITU Technology is a world-leading artificial intelligence company that develops and sells artificial intelligence solutions including the core technologies of AI computing with artificial intelligence chip technology and algorithm technology. This article will study YITU technology company and analyze the feasibility to invest in YITU technology after IPO. To better analyze the macro and micro competitive market of the AI industry, SWOT analysis, and PESTLE models are applied. Moreover, the ratio analysis and DCF method are used to analyze the current financial status and five-year revenue future projection of YITU technology. Considering the SWOT analysis, YITU faces the threat of rising competitors in the AI industry and the opportunity of a wide range of AI applications of YITU core technologies and promoted to a national scale. Particularly, according to the PESTLE model, the legal factors of the AI industry made a good foundation for the future development of YITU technology, since AI is part of the country's ambitious 5-year development plan. After applying the ratio analysis, YITU has good asset liquidity for the past 4 years, and the debt to asset ratio will maintain 26.31% after IPO 2021. The valuation of YITU would be 13.8 Billion Yuan and revenue growth from 6.87 billion in 2017 to 10.6 billion RMB in 2025 with the annual compound rate of 56.7% by the DCF method. YITU still in the startup phase and facing the threat of rising numbers of competitors in the future. However, based on the market analysis, it finds that YITU has an excellent management team, leading technology in China, and strong supporting from the government. The financial analysis indicates its potential market value and healthy

financial statement in the next five years. Then, it concludes that YITU is a promising company investment.

Keywords: YITU Technology, AI, Computer Version, Investment