

PDD Holdings (PDD): Re-assessing impact from de-minimis removal and additional tariffs; Temu US sensitivity analysis; Buy

We refresh our Temu US GMV/order volume sensitivity analysis given the additional 34% US tariffs on China imports (effective from Apr 5) and removal of de-minimis exemptions for <US\$800 packages from Mainland China and Hong Kong SAR (effective from May 2, [Executive Order](#)). Accordingly, **we lower our Temu GMV forecast to US\$63bn/84bn (vs. prior US\$68bn/97bn)**, factoring in potential US supply chain disruptions (near-term) and uncertainty around consumer demand elasticity (medium-term) from higher Temu US selling prices, as we expect merchants to pass on majority of the cost increases to end-consumers. We cut our overall PDD 2025-27E revenues/net profits by up to -3%/-5%, factoring higher Temu investments and further merchant supportive measures by PDD across its Pinduoduo and Temu merchants (with its recently announced [3-year investment plan](#), where we continue to expect flattish domestic profits while strengthening its merchant ecosystem), and **trim our SOTP-based 12-m TP to US\$152 (prior: \$157) where we continue to value only Temu's non-US business (in our SOTP) pending further US regulatory clarity**. Maintain Buy on PDD as we believe the stock could see continued room for valuation re-rating (from current 9X 2025E P/E, 6X ex-cash) from stabilization in earnings (its merchant supportive measures kicked off from Aug 2024, one of the earliest to implement such measures amongst China platforms) and/or if concerns around geopolitical events settle (with Temu valuation upside, with global MAUs exceeded 385mn in Feb 2025).

■ **We expect ASP hikes for full-entrusted products, with negative impact on demand, yet price competitiveness vs. offline retailers to remain:**

Referencing the Feb 4-6 case study (see our [earlier report](#)), we note average product prices for full-entrusted SKUs (where Temu takes principal responsibility and bears costs in end-to-end shipments by air freight) were raised by 42% at the time. From May 2, postal items from China/HK valued at or under US\$800 will be subject to a duty rate of **either 30% of their value or US\$25 per item (to be increased to US\$50 per item after June 1st, 2025)**. We expect the implementation from May 2 could result in impact on order volumes (c.1X in consumer demand elasticity) with near-term logistics delays impacting consumer sentiment, given vast number of packages to be handled/levied by the US postal system (USPS) and third-party logistics providers. Yet the air freight model, including the 30% of value/up to US\$50 per item for <US\$800 shipments, would

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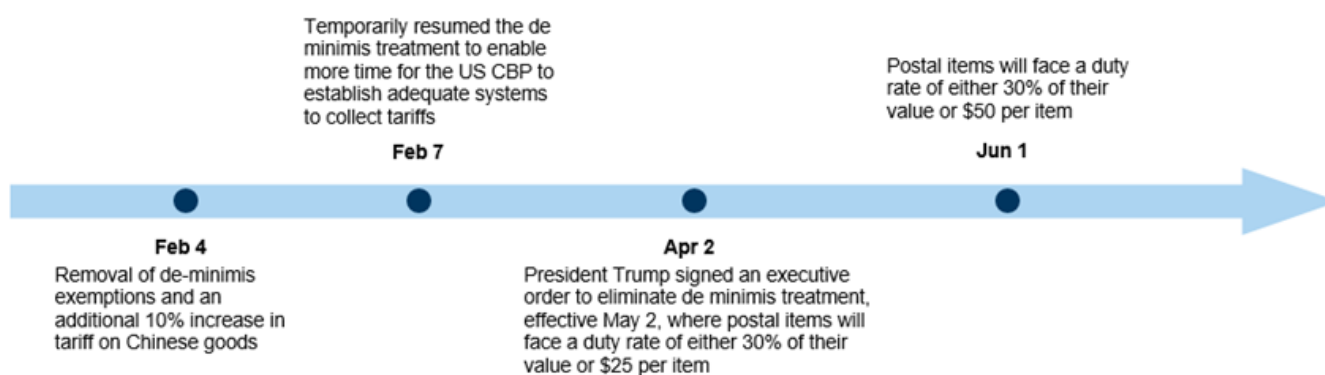
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still allow Temu US full-entrusted products to remain at a competitive pricing level vs. offline retailers (See [Exhibit 5](#)), where we expect Temu US GMV to remain broadly flattish over 2025E/26E, with double-digit increases in ASPs to offset order volume declines.

- **Continued shift to local warehouses and local merchants, and shift to non-US markets:** We expect semi-entrusted (where merchants take care of logistics themselves) to take a bigger share in Temu US operations, with a combination of China sea freight to local US warehouses (will be applicable to the significant increases in tariffs) and also a likely sizable share using China sea freight to Mexico and then transported to local US warehouses/US consumers given the US's lower import tariffs from Mexico (and de-minimis exceptions for packages remain temporarily in place for products from Canada and Mexico). We also note significant number of merchants have already shipped extra inventory into the US ahead of Jan 2025 in anticipation of potential tariffs, where such products will have significant cost advantage until the inventory depletes. We expect Temu's GMV contribution from the US to reduce from 35% in 2H25E down to 25% by FY27E.
- **We continue to only value Temu's non-US business in our SOTP framework:** We expect geopolitical events to be a recurring theme this year (one of [five overarching themes](#)) amid China internet companies' global expansion, with investor focuses on Chinese business risks in the US, surrounding the [America First](#) Investment Policy and US TikTok developments (with another [75-day extension](#) announced on Apr 4). As a result, we continue to value only Temu's non-US business in our SOTP framework given still-limited investor appetite in valuing PDD's full Temu business potential, pending more regulatory clarity across cross-border taxes/tariffs/apps, and any changes in de-minimis rules in Europe (which could be potentially from 2026 based on current EU discussions).

Exhibit 1: Timeline of US de-minimis treatment changes



Source: The White House

Exhibit 2: Temu key operating/financial data at a glance (GSe)

Temu	2022	2023	2024	2025E	2026E	2027E	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	3Q25E	4Q25E
GMV (US\$ mn)	307	18,009	47,766	63,288	84,427	105,515	8,997	11,026	12,880	14,863	15,798	15,322	15,677	16,491
yoy %		5768%	165%	32%	33%	25%	1018%	321%	99%	83%	76%	39%	22%	11%
qoq %							11%	23%	17%	15%	6%	-3%	2%	5%
U.S. GMV (US\$ mn)	307	11,891	23,847	25,032	24,792	26,208	5,206	5,980	5,927	6,734	7,154	6,525	5,537	5,804
yoy %		3774%	101%	5%	-1%	6%	596%	214%	41%	34%	37%	9%	-7%	-14%
U.S. GMV contribution %	100%	66%	50%	40%	29%	25%	58%	54%	46%	45%	45%	43%	35%	35%
As % of Amazon U.S. GMV	0%	3%	5%	5%	5%	5%								
Non-U.S. GMV (US\$ mn)	-	6,118	23,920	38,256	59,635	79,308	3,791	5,047	6,953	8,129	8,645	8,796	10,140	10,687
yoy %		291%	60%	56%	33%	31%	6617%	603%	207%	164%	128%	74%	46%	31%
Entrusted model GMV (US\$ mn)	307	18,009	39,851	46,318	56,460	65,187	8,991	9,880	10,304	10,677	11,819	10,956	11,537	12,006
yoy %		5768%	121%	16%	22%	15%	1018%	277%	59%	32%	31%	11%	12%	12%
Semi-entrusted model GMV (US\$ mn)	0	0	7,915	16,970	27,967	40,329	6	1,147	2,576	4,186	3,980	4,365	4,140	4,485
yoy %			17%	114%	65%	44%								
As % of Temu GMV			17%	27%	33%	38%								
Order volume (mn)	10	478	1,117	1,297	1,595	1,902	237	273	294	313	339	315	317	327
yoy %		4484%	134%	16%	23%	19%	900%	233%	73%	55%	43%	15%	8%	4%
User engagement	2022	2023	2024E	2025E	2026E	2027E	1Q24	2Q24	3Q24	4Q24E	1Q25E	2Q25E	3Q25E	4Q25E
Total MAU	5	140	342	416	453	474	167	213	288	342	372	389	399	410
yoy %		2634%	144%	21%	9%	5%	613%	238%	169%	144%	123%	83%	39%	20%
qoq %							19%	27%	35%	19%	9%	4%	3%	3%
U.S. MAU (mn)	5	51	50	51	51	52	49	49	52	50	51	51	52	52
yoy %		951%	-2%	1%	1%	1%	129%	9%	-6%	-2%	3%	4%	-1%	4%
Non-U.S. MAU (mn)	0	89	292	365	402	422	118	163	236	292	321	337	347	358
yoy %		37003%	228%	25%	10%	5%	6246%	809%	359%	228%	173%	106%	47%	23%
Financials	2022	2023	2024E	2025E	2026E	2027E	1Q24	2Q24	3Q24	4Q24E	1Q25E	2Q25E	3Q25E	4Q25E
Temu transaction services revenue (Rmb mn)	312	53,165	148,570	179,467	228,661	282,140	31,837	35,997	39,490	41,246	45,805	43,051	44,934	45,677
yoy %		16966%	179%	21%	27%	23%	2545%	718%	107%	45%	44%	20%	14%	11%
qoq %							12%	13%	10%	4%	11%	-6%	4%	2%
PDD group revenue (Rmb mn)	130,558	247,639	393,836	461,945	539,636	610,563	44,356	47,944	50,003	53,599	59,611	57,020	59,005	59,821
yoy %		90%	59%	17%	17%	13%	327%	234%	72%	33%	34%	19%	18%	12%
Temu revenue contribution %	0%	21%	38%	39%	42%	46%	72%	75%	79%	77%	77%	76%	76%	76%
Temu marketing expenses (Rmb mn)	(2,914)	(28,432)	(55,345)	(54,026)	(59,101)	(63,898)	(10,366)	(12,842)	(15,984)	(16,152)	(13,610)	(12,753)	(13,560)	(14,104)
as % GMV	133%	22%	18%	14%	12%	11%	16%	17%	20%	18%	14%	13%	14%	14%
Temu U.S. marketing (Rmb mn)	(2,914)	(18,515)	(12,965)	(17,237)	(15,383)	(14,845)	(3,799)	(3,485)	(2,297)	(3,378)	(4,487)	(4,399)	(3,913)	(4,449)
Temu non-U.S. marketing (Rmb mn)	-	(9,917)	(42,379)	(36,789)	(43,718)	(49,053)	(6,567)	(9,357)	(13,687)	(12,774)	(9,123)	(8,354)	(9,647)	(9,654)
Temu EBIT (Rmb mn)	(4,671)	(22,277)	(12,115)	(14,619)	6,976	33,797	(1,502)	(1,505)	(4,030)	(5,078)	(3,597)	(3,619)	(3,481)	(3,921)
EBIT margin %	-1499%	-42%	-8%	-8%	3%	12%	-5%	-4%	-10%	-12%	-8%	-8%	-8%	-9%

Source: Goldman Sachs Global Investment Research, SensorTower

Exhibit 3: Our 12-month SOTP-based target prices for PDD moves to US\$152 (from US\$157)

SOTP Valuation	2025E Rev. (US\$mn)	2025E NOPAT (US\$mn)	Implied EV/Rev.	P/E	Valuation to PDD 2025E (US\$mn)	2025E Val. Per share (US\$)	Value split	Comment
1. Domestic main platform	32,499	15,927	7.2x	12x	198,133	130	78%	2025E NOPAT (58% EBIT margin); applying 12X P/E, vs. 8X that we apply for Taobao-Tmall, 15% tax rate
2. Duoduo Grocery	6,197	430	1.0x	12x	5,332	4	2%	Assuming 70mn daily pieces in 2025E and Rmb0.1 per order non-GAAP EBIT (normalized EBIT), 15% tax rate, and 12X P/E, in-line with our valuation for Meituan Select
3. Temu (ex-U.S.)	17,365	574	0.5x	15x	8,032	5	3%	Assuming US\$60bn ex-U.S. GMV in 2026E and US\$0.7bn ex-U.S. EBIT, 15% tax rate, 15X P/E, discount back a year
4. Net cash					43,928	29	17%	Net cash (end-2024)
NAV					255,424	168	100%	
Less: holdco discount			10%		24,265	16		
					231,159	152		

Source: Company data, Goldman Sachs Global Investment Research

See also our prior analysis of [de-minimis policy impact](#), [removal of de-minimis and US tariffs on cross-border eCommerce platform](#) and [logistics companies inbound package policies](#).

Case study during removal of de-minimis and addition of 10% tariffs during Feb 4-6

As highlighted in [temporary reversal back to de-minimis](#), we note the following US operational strategies change post the removal (during Feb 4-Feb 6) as offering a lens into its agile business model adaptability and direction of future strategies.

Exhibit 4: Temu price check of fully entrusted product during prior removal of the de-minimis treatment

Re-based Feb 3 = 100	2/3/2025 Before de minimis removal in effect	2/7/2025 During de minimis removal	2/9/2025 After resumption of de minimis
Slippers	100	200	100
Women jeans	100	100	100
Wireless earphones	100	122	92
Pet bed	100	145	92
LED light	100	133	100
Bath rug	100	138	95
Transparent tape	100	195	100
Towel holder	100	117	84
Hair brush	100	125	100
Average	100	142	96

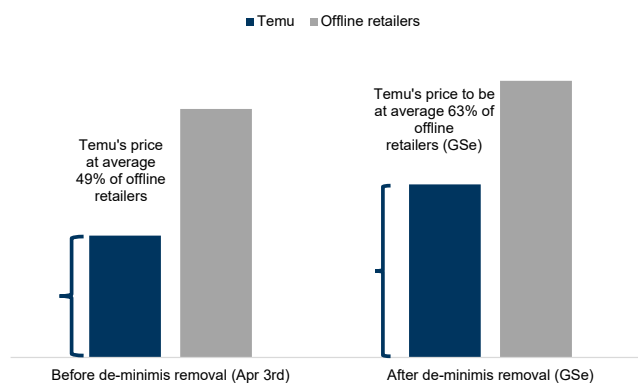
Source: Company data, Goldman Sachs Global Investment Research

Our estimate of Temu's pricing vs. U.S. offline retailers

As of Apr 3rd, Temu's full-entrusted products priced at average 49% of U.S. retailers for similar/identical SKUs, while semi-entrusted products priced at average 62% of U.S. retailers. We expect the price gap to narrow after May 2nd but still maintain a price advantage.

Exhibit 5: Analysis of the impact of de-minimis removal on Temu/direct shipment cross-border platform's pricing advantage

Temu's relative price competitiveness will remain even after de-minimis removal, vs. US local retailer (c. 1/3 products are sourced from China).



Note: Temu's pricing as % of US-based peers before de-minimis removal is based on selective price checks, and assuming product prices to hike by 42% after de-minimis removal as it did on Feb 7th, while we note China-based merchants on other US-based retail players may be subject to additional reciprocal tariffs.

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: Per our price checks, Temu full-entrusted model's average pricing is c.49% of Amazon's (in the U.S.) level and c.49% of major U.S. local retailer's level

Price as of Apr 3, 2025

US\$	Temu semi-entrusted	Temu full-entrusted	Amazon	A US offline retailer	Temu full-entrusted pricing as % of Amazon	Temu full-entrusted pricing as % of the offline retailer
Slippers	14.89	7.14	14.98	14.49	48%	49%
Women jeans	18.92	18.92	17.99	17.98	105%	105%
Wireless earphones	3.27	4.67	11.99	13.99	39%	33%
Pet bed	9.93	7.89	18.99	15.59	42%	51%
LED light	5.3	3.1	6.5	10.49	48%	30%
Bath rug	4.93	2.85	16.99	10.99	17%	26%
Transparent tape	0.89	0.89	3.99	7.98	22%	11%
Towel holder	7.03	4.52	7.99	8.99	57%	50%
Hair brush	2.06	2.20	3.49	2.56	63%	86%
Average					49%	49%

Source: Company data, Data compiled by Goldman Sachs Global Investment Research

Refreshing our US GMV/demand elasticity sensitivity analysis

Exhibit 7: Temu: 3Q25 US GMV sensitivity analysis, by swinging assumption for the fully entrusted model

We note this sensitivity analysis only considers the 67% of Temu's US GMV under fully entrusted model. For the 33% of Temu's US GMV under semi-entrusted, we do not expect an immediate impact over most of FY25 from the changes in de-minimis and additional tariffs given substantial inventories have likely been shipped ahead of time by merchants into the US over the past few months.

Temu (U.S. only) 3Q25 order volume (mn)		ASP yoy increase %				
		10%	20%	30%	40%	50%
Demand elasticity	0.6	116	111	105	100	94
	0.9	116	108	100	92	84
	1.2	115	105	94	84	73
	1.5	115	102	89	75	62
	1.8	115	99	83	67	51

Temu (U.S. only) 3Q25 order volume yoy %		ASP yoy increase %				
		10%	20%	30%	40%	50%
Demand elasticity	0.6	-10%	-14%	-18%	-23%	-27%
	0.9	-10%	-16%	-23%	-29%	-35%
	1.2	-10%	-19%	-27%	-35%	-43%
	1.5	-11%	-21%	-31%	-42%	-52%
	1.8	-11%	-23%	-36%	-48%	-60%

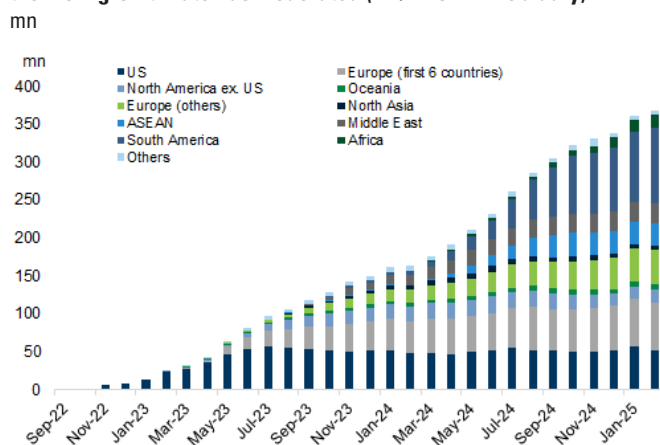
Temu (U.S. only) 3Q25 GMV (US\$ mn)		ASP yoy increase %				
		10%	20%	30%	40%	50%
Demand elasticity	0.6	5,923	6,029	6,090	6,107	6,080
	0.9	5,904	5,883	5,796	5,644	5,427
	1.2	5,885	5,736	5,502	5,181	4,775
	1.5	5,865	5,590	5,208	4,719	4,122
	1.8	5,846	5,444	4,914	4,256	3,470

Temu (U.S. only) 3Q25 GMV (US\$ mn) yoy %		ASP yoy increase %				
		10%	20%	30%	40%	50%
Demand elasticity	0.6	0%	2%	3%	3%	3%
	0.9	0%	-1%	-2%	-5%	-8%
	1.2	-1%	-3%	-7%	-13%	-19%
	1.5	-1%	-6%	-12%	-20%	-30%
	1.8	-1%	-8%	-17%	-28%	-41%

Source: Company data, Goldman Sachs Global Investment Research

Temu GMV & engagement data

Exhibit 8: Temu global MAU reached over 385mn in February, while the mom growth rate has moderated (+2% mom in February)



The first 6 European countries include France, Germany, Italy, the Netherlands, Spain and the UK (launched in April 2023); SensorTower has backward adjusted Temu data in September.

Source: SensorTower

Financials

Exhibit 9: Our estimates (annual & quarterly)

Rmb millions	2022	2023	2024	2025E	2026E	2027E	1Q24	2Q24	3Q24	4Q24	1Q25E	2Q25E	3Q25E	4Q25E
Active buyers LTM (in mn)	894	902	914	919	922	923	904	908	910	914	916	917	918	919
GMV (domestic)	2,989,055	3,877,458	4,730,540	5,455,599	5,911,273	6,213,565	986,288	1,171,007	1,263,556	1,309,689	1,157,292	1,360,623	1,447,674	1,490,010
YoY	22%	30%	22%	15%	8%	5%	30%	22%	21%	18%	17%	16%	15%	14%
GMV (Temu, US\$m)	307	18,009	47,766	63,288	84,427	105,515	8,997	11,026	12,880	14,863	15,798	15,322	15,677	16,491
YoY		5768%	165%	32%	33%	25%	1018%	321%	99%	83%	76%	39%	22%	11%
Transaction commissions	27,626	94,099	195,902	235,457	294,123	352,485	44,356	47,944	50,003	53,599	59,611	57,020	59,005	59,821
YoY	95%	241%	108%	20%	25%	20%	327%	234%	72%	33%	34%	19%	18%	12%
Marketing services	102,722	153,540	197,934	226,488	245,513	258,078	42,456	49,116	49,351	57,011	48,889	56,094	56,019	65,485
YoY	42%	49%	29%	14%	8%	5%	56%	29%	24%	17%	15%	14%	14%	15%
Merchandise sales	209	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	130,558	247,639	393,836	461,945	539,636	610,563	86,812	97,060	99,354	110,610	108,500	113,114	115,025	125,306
YoY	39%	90%	59%	17%	17%	13%	131%	86%	44%	24%	25%	17%	16%	13%
Marketing take rate	3.4%	4.0%	4.2%	4.2%	4.2%	4.2%	4.3%	4.2%	3.9%	4.4%	4.2%	4.1%	3.9%	4.4%
Marketing take rate YoY	0.46%	0.52%	0.22%	-0.03%	0.00%	0.00%	0.72%	0.25%	0.11%	-0.04%	-0.08%	-0.07%	-0.04%	0.04%
Cost of revenues	31,462	91,724	153,900	202,620	221,665	247,594	32,695	33,698	39,709	47,798	49,840	48,145	50,000	54,636
Gross profit, GAAP	99,095	155,915	239,936	259,325	317,972	362,969	54,117	63,362	59,645	62,812	58,660	64,970	65,025	70,670
Gross profit, non-GAAP	99,129	156,048	240,348	259,779	318,475	363,513	54,135	63,399	59,690	63,125	58,709	65,021	65,078	70,971
Product development expenses	(10,385)	(10,952)	(12,659)	(14,337)	(21,979)	(25,036)	(2,910)	(2,909)	(3,063)	(3,777)	(3,750)	(3,400)	(3,442)	(3,783)
% of total revenue	8.0%	4.4%	3.2%	3.1%	4.1%	4.1%	3.4%	3.0%	3.1%	3.4%	3.5%	3.0%	3.0%	3.0%
Sales & marketing expenses	(54,344)	(82,189)	(111,301)	(124,193)	(133,514)	(143,224)	(23,411)	(26,049)	(30,484)	(31,357)	(29,457)	(29,620)	(32,150)	(32,766)
% of total revenue	41.6%	33.2%	28.3%	26.9%	24.7%	23.5%	27.0%	26.8%	30.7%	28.3%	27.1%	26.4%	28.0%	26.1%
General and admin. expenses	(3,965)	(4,076)	(7,553)	(10,548)	(12,984)	(14,668)	(1,823)	(1,839)	(1,806)	(2,085)	(2,677)	(2,656)	(2,704)	(2,511)
% of total revenue	3.0%	1.6%	1.9%	2.3%	2.4%	2.4%	2.1%	1.9%	1.8%	1.9%	2.5%	2.3%	2.4%	2.0%
Operating profit, GAAP	30,402	58,699	108,423	110,248	149,494	180,042	25,974	32,565	24,292	25,592	22,776	29,095	26,730	31,610
Group operating profit, non-GAAP	38,120	65,777	118,306	121,124	161,540	193,054	28,552	34,987	26,770	27,996	25,380	31,810	29,490	34,407
OPM, non-GAAP	29.2%	26.6%	30.0%	26.2%	29.9%	31.6%	32.9%	36.0%	26.9%	25.3%	23.4%	28.1%	25.6%	27.5%
YoY	227%	73%	80%	2%	33%	20%	237%	139%	48%	14%	-11%	-9%	10%	23%
Main platform operating profit	52,148	90,075	133,811	136,785	150,485	154,851	30,501	37,662	31,923	34,590	29,391	35,564	33,316	38,515
Main platform OPM	47%	55%	64%	58%	59%	57%	67%	72%	62%	58%	57%	61%	57%	56%
Duoduo Grocery operating profit	(9,356)	(2,021)	(3,390)	(1,043)	4,079	4,406	(447)	(1,169)	(1,123)	(1,516)	(414)	(135)	(344)	(187)
Duoduo Grocery OPM	-50%	-7%	-9%	-2%	8%	8%	-5%	-14%	-14%	-15%	-4%	-1%	-3%	-2%
Temu operating profit	(4,671)	(22,277)	(12,116)	(14,619)	6,976	33,797	(1,502)	(1,505)	(4,630)	(5,078)	(3,597)	(3,619)	(3,481)	(3,921)
Temu OPM	-	-42%	-8%	-8%	3%	12%	-5%	-4%	-10%	-12%	-8%	-8%	-8%	-9%
Interest income (expense)	3,945	10,194	20,553	20,688	22,717	29,216	5,049	4,856	5,416	5,233	4,580	4,847	5,369	5,891
Pre-tax profit (GAAP)	36,419	71,881	132,684	134,055	175,331	212,378	33,118	37,974	29,180	32,413	28,136	34,722	32,879	38,281
Income taxes	(4,726)	(11,850)	(20,267)	(21,312)	(26,125)	(27,463)	(5,068)	(5,915)	(4,202)	(5,083)	(4,502)	(5,556)	(5,261)	(5,994)
Net income, GAAP	31,538	60,026	112,435	112,744	149,206	184,915	27,998	32,009	24,981	27,447	23,634	29,167	27,618	32,287
Net income, non-GAAP	39,530	67,899	122,344	123,620	161,251	197,927	30,602	34,432	27,459	29,851	26,238	31,881	30,379	35,084
YoY	186%	72%	80%	1%	30%	23%	202%	125%	61%	17%	-14%	-7%	11%	18%
Diluted EPADS, GAAP (Rmb)	21.95	40.99	75.33	74.11	96.23	117.02	18.96	21.61	16.91	18.53	15.86	19.46	18.31	21.28
Diluted EPADS, non-GAAP (Rmb)	27.51	46.36	81.97	81.26	104.00	125.25	20.72	23.24	18.59	20.15	17.61	21.27	20.14	23.12
YoY	175%	69%	77%	-1%	28%	20%	199%	122%	60%	16%	-15%	-9%	8%	15%
GPM	75.9%	63.0%	61.0%	56.2%	59.0%	59.5%	62.4%	65.3%	60.1%	57.1%	54.1%	57.5%	56.6%	56.6%
GPM, non-GAAP (ex merchandise sls)	76.0%	63.0%	61.0%	56.2%	59.0%	59.5%	62.4%	65.3%	60.1%	57.1%	54.1%	57.5%	56.6%	56.6%
OPM, ng	29.2%	26.6%	30.0%	26.2%	29.9%	31.6%	32.9%	36.0%	26.9%	25.3%	23.4%	28.1%	25.6%	27.5%
Main platform OPM, ng (GSe)	46.7%	54.7%	64.2%	57.7%	58.5%	57.3%	66.9%	71.8%	61.7%	58.2%	57.2%	60.5%	56.7%	56.4%
NPM, ng	30.3%	27.4%	31.1%	26.8%	29.9%	32.4%	35.3%	35.5%	27.6%	27.0%	24.2%	28.2%	26.4%	28.0%

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 10: Key changes to our estimates

Rmb millions	2025E	Old	% Chg	2026E	Old	% Chg	2027E	Old	% chg
Active buyers LTM (in mn)	919	919	0%	922	922	0%	923	923	0%
GMV (domestic)	5,455,599	5,455,599	0%	5,911,273	5,911,273	0%	6,213,565	6,213,565	0%
YoY	15%	15%		8%	8%		5%	5%	
Revenue									
Transaction commissions	235,457	243,568	-3%	294,123	308,381	-5%	352,485	369,392	-5%
YoY	20%	24%		25%	27%		20%	20%	
Marketing services	226,488	226,488	0%	245,513	245,513	0%	258,078	258,078	0%
YoY	14%	14%		8%	8%		5%	5%	
Total revenue	461,945	470,056	-2%	539,636	553,895	-3%	610,563	627,471	-3%
YoY	17%	19%		17%	18%		13%	13%	
Marketing take rate	4.15%	4.15%	0bps	4.15%	4.15%	0bps	4.15%	4.15%	0bps
Cost of revenues	202,620	199,497	2%	221,665	218,374	2%	247,594	243,900	2%
Gross profit, non-GAAP	259,779	271,022	-4%	318,475	336,038	-5%	363,513	384,131	-5%
Product development expenses	(14,337)	(15,505)	-8%	(21,979)	(24,244)	-9%	(25,036)	(27,834)	-10%
Sales & marketing expenses	(124,193)	(127,942)	-3%	(133,514)	(138,269)	-3%	(143,224)	(148,063)	-3%
% of total revenue	26.9%	27.2%		24.7%	25.0%		23.5%	23.6%	
% of GMV	2.28%	2.35%		2.26%	2.34%		2.31%	2.38%	
General and admn. expenses	(10,548)	(10,968)	-4%	(12,984)	(13,738)	-5%	(14,668)	(15,588)	-6%
Operating profit, GAAP	110,248	116,144	-5%	149,494	159,269	-6%	180,042	192,086	-6%
Operating profit, non-GAAP	121,124	127,232	-5%	161,540	171,668	-6%	193,054	205,496	-6%
Main platform operating profit, non-GAAP	136,785	137,728	-1%	150,485	152,443	-1%	154,851	158,108	-2%
DDG operating profit, non-GAAP	(1,043)	(1,043)	0%	4,079	4,079	0%	4,406	4,406	0%
TEMU operating profit, non-GAAP	(14,619)	(9,453)	55%	6,976	15,146	-54%	33,797	42,983	-21%
Interest income (expense)	20,688	20,688	0%	22,717	22,717	0%	29,216	29,216	0%
Pre-tax profit (GAAP)	134,055	139,952	-4%	175,331	185,106	-5%	212,378	224,422	-5%
Income taxes	(21,312)	(21,460)	1%	(26,125)	(28,073)	7%	(27,463)	(29,723)	8%
Net income, GAAP	112,744	118,493	-5%	149,206	157,033	-5%	184,915	194,698	-5%
Net income, non-GAAP	123,620	129,580	-5%	161,251	169,432	-5%	197,927	208,109	-5%
Diluted EPADS, GAAP (Rmb)	74.11	77.89	-5%	96.23	101.28	-5%	117.02	123.21	-5%
Diluted EPADS, non-GAAP (Rmb)	81.26	85.18	-5%	104.00	109.28	-5%	125.25	131.70	-5%
GPM	56.2%	57.7%	(1.4)	59.0%	60.7%	(1.7)	59.5%	61.2%	(1.7)
GPM, non-GAAP (ex merchandise sls)	56.2%	57.7%	(1.4)	59.0%	60.7%	(1.7)	59.5%	61.2%	(1.7)
OPM, ng	26.2%	27.1%	(0.8)	29.9%	31.0%	(1.1)	31.6%	32.7%	(1.1)
NPM, ng	26.8%	27.6%	(0.8)	29.9%	30.6%	(0.7)	32.4%	33.2%	(0.7)

Source: Goldman Sachs Global Investment Research

PDD	12m Price Target: \$152.00	Price: \$104.21	Upside: 45.9%			
Buy	GS Forecast					
	Market cap: \$158.5bn	12/24	12/25E	12/26E	12/27E	
	Enterprise value: \$96.4bn	393,836.1	461,945.3	539,636.4	610,563.4	
	3m ADTV: \$1.1bn	393,836.1	470,056.2	553,894.6	627,470.8	
	China	EBITDA (Rmb mn)	119,696.8	122,343.0	162,664.1	194,467.9
	China Ecommerce & Logistics	EPS (Rmb) New	81.97	81.26	104.00	125.25
	M&A Rank: 3	EPS (Rmb) Old	81.97	85.18	109.28	131.70
	Leases incl. in net debt & EV?: No	P/E (X)	11.1	9.4	7.3	6.1
		P/B (X)	4.4	2.7	2.0	1.5
		Dividend yield (%)	0.0	0.0	0.0	0.0
	CROCI (%)	676.7	NM	NM	NM	
		12/24	3/25E	6/25E	9/25E	
	EPS (Rmb)	20.15	17.61	21.27	20.14	

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 4 Apr 2025 close.

Disclosure Appendix

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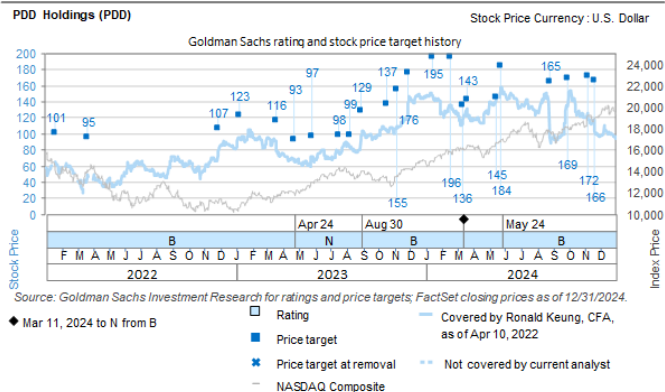
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