

# So-Young International Inc. (SY)

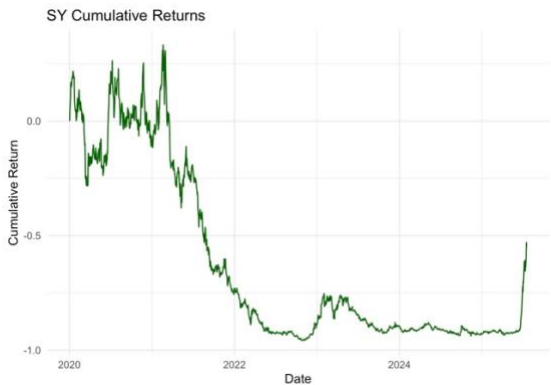
July 18, 2025

Industry: Healthcare Technology  
Ticker: SY  
Recommendation: Hold

Headquarters: Beijing, China  
Current Price: \$0.96  
Target Price: \$1.16

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Company Statistics	
Annualized Return	18.86%
Annualized Volatility	80.83%
Sharpe Ratio	0.233
Mean Return	0.07%
PE Ratio (TTM)	-
EPS (TTM)	-0.81
Market Cap	\$588.297M
Beta (5Y)	1.01



## Company Overview:

So-Young International Inc. ("SY") is a leading Chinese online medical aesthetics platform, connecting users with licensed providers of cosmetic surgery and non-surgical treatments. Founded in 2013 and headquartered in Beijing, SY is known for building transparency and trust in a fast-growing yet fragmented industry.

**Sales by Business:** In FY 2024, SY generated \$189 million in revenue, primarily from information services (68%), reservation services (22%), and advertising & others (10%).

**Sales by Geography:** Revenue is nearly 100% generated in mainland China, with early expansion into Southeast Asia and cross-border treatment hubs.

**Market Position:** SY is the first publicly listed Chinese aesthetics platform (NASDAQ: SY), with over 10 million MAUs. The company is known for trusted reviews, doctor profiles, and AI-driven consultation tools. It is a market leader in China's digital beauty healthcare segment, targeting a younger demographic of aesthetic consumers.

## Investment Thesis:

With over 10 million monthly active users and a diversified revenue mix—primarily from information and reservation services, SY has established a strong foothold in China's digital beauty healthcare sector, with early efforts to expand into Southeast Asia.

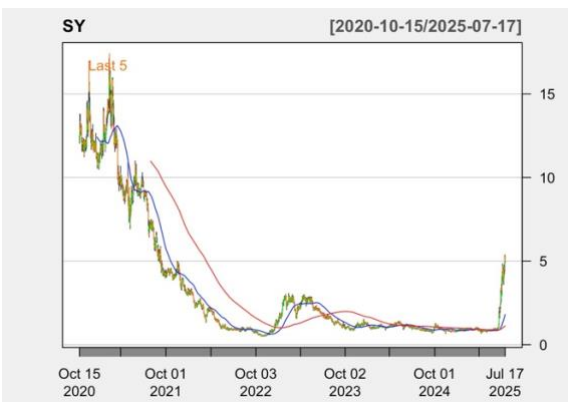
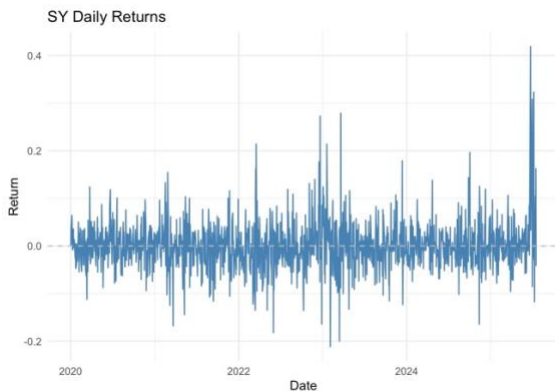
### Recommendation: Hold

- Strong market leadership in a large, fast-growing, and under-penetrated digital aesthetics sector.
- Solid user base growth and platform differentiation with AI-driven tools.
- Attractive annualized return relative to market risk, signaling growth potential.
- Early-stage financials with significant reinvestment into growth justify near-term losses.

### Risks to Monitor

- High volatility reflects potential market and operational risks in a competitive industry.
- Negative EPS and lack of profitability metrics indicate the need for operational scaling and cost control.
- Revenue heavily concentrated in China, exposing SY to regional regulatory and economic risks.
- Expansion efforts into Southeast Asia remain nascent and uncertain.

From a financial perspective, SY exhibits promising growth potential with an annualized return of 18.86%, significantly outpacing many peers, despite high volatility (80.83%). The company's Sharpe ratio of 0.233 suggests weak risk-adjusted returns, reflective of its emerging market exposure and early-



stage profitability challenges (negative EPS of -0.81). The market values SY at approximately \$588 million, with a beta near 1.0, indicating average sensitivity to market movements. The absence of a PE ratio highlights ongoing operating losses but also points to growth-stage investment potential rather than mature profitability. Given the large and expanding market for aesthetic services in China, along with SY's leading position and technological differentiation, the company is well-positioned for long-term value creation. Investors with a higher risk tolerance seeking exposure to the intersection of healthcare, technology, and lifestyle trends in Asia may find SY a compelling growth opportunity, particularly if the company can improve margins and sustain user engagement.

### Valuation Summary:

So-Young International is currently valued at approximately \$588 million market capitalization. Given its FY 2024 revenue of \$189 million, the company trades at an EV/Sales multiple of around 3.1x, which is reasonable for a growth-stage digital health platform in China. This multiple aligns with peers in the online medical aesthetics and digital healthcare sector, typically ranging between 2x to 5x EV/Sales.

The absence of positive earnings (EPS of -0.81) means traditional valuation metrics like P/E are not applicable which highlights SY's early-stage status. The market's valuation reflects expectations of continued revenue growth and potential margin improvement as the company scales. Investors should watch SY's ability to convert its large user base and technological advantages into profitability to justify a valuation premium over time.

### Revenue Drivers/ Catalysts:

- Information Services (68% of Revenue):**  
 SY's largest revenue source comes from trusted reviews, doctor profiles, and AI-powered consultations. Over 10 million monthly active users engage with these services, driven by rising demand among China's young, digitally savvy consumers for accessible beauty and healthcare information.
- Reservation Services (22% of Revenue):**  
 This segment connects users to licensed providers for cosmetic and non-surgical treatments. Growing comfort with online booking and SY's trusted platform support steady growth. Expansion into Southeast Asia and cross-border treatment hubs offers additional revenue opportunities.
- Advertising and Others (10% of Revenue):**  
 SY monetizes its large, targeted user base by attracting healthcare and beauty brands for advertising. Increased platform traffic and engagement are expected to boost advertiser spending.
- Key Catalysts:**  
 Continued user base growth, improvements in AI-driven consultation tools, geographic expansion beyond China, and rising demand for digital aesthetics services among younger demographics will support sustained revenue growth and enhance monetization.

## Financial Summary:

- **Revenue:** So-Young International generated \$189 million in FY 2024, reflecting steady growth driven by its diversified business segments.
- **Profitability:** The company currently reports a negative EPS of -0.81, consistent with its early growth phase and ongoing investments in technology and expansion.
- **Return & Risk:** SY has delivered an annualized return of 18.86%, demonstrating strong growth potential, albeit with high volatility at 80.83% and a moderate Sharpe ratio of 0.233, indicative of moderate risk-adjusted returns.
- **Market Valuation:** The market values SY at approximately \$588 million, with a beta of 1.01, showing average sensitivity to overall market movements.

## Key Risks:

- **High Volatility:** SY's stock shows significant price fluctuations (annualized volatility of 80.83%), reflecting operational and market risks in a competitive and evolving industry.
- **Profitability Challenges:** The company currently reports a negative EPS (-0.81), indicating ongoing losses and the need for better cost control and scaling to achieve profitability.
- **China Market Concentration:** Nearly 100% of revenue comes from mainland China, exposing SY to regional regulatory, economic, and geopolitical risks that could impact growth and operations.
- **Nascent Geographic Expansion:** Early-stage expansion into Southeast Asia carries execution risks and uncertainty about adoption rates in new markets.
- **Competitive Landscape:** Increasing competition from other digital health platforms and traditional providers could pressure margins and market share.

## Conclusion & Recommendation:

So-Young International holds a strong position as a leader in China's rapidly growing digital medical aesthetics market, supported by a large, engaged user base and innovative AI-driven tools. The company's diversified revenue streams and early international expansion efforts present solid growth opportunities. While SY demonstrates attractive returns with an annualized return of 18.86%, its high volatility and ongoing unprofitability reflect early-stage risks.

Given these factors, a **Hold** recommendation is appropriate at this time. Investors should monitor SY's progress toward profitability, geographic diversification, and user engagement improvements before considering new investments. Existing shareholders may benefit from the company's growth potential, but risk-averse investors should await clearer signs of sustainable operational scaling and margin expansion.

## Appendix:

Note about fiscal year:

So-Young International Inc.'s fiscal year ends on December 31st.

Sources:

- So-Young International Inc. Investor Relations: <https://investors.so-young.com>
- SEC Filings (20-F Reports): <https://www.sec.gov>
- Industry Reports: Frost & Sullivan, McKinsey, Statista
- Financial Data: Yahoo Finance, Bloomberg, Morningstar
- Regulatory Updates: China National Medical Products Administration (NMPA), Reuters, Bloomberg