

BOFA Internet recap call

 Tue, Mar 28, 2023 6:09PM  48:40

SUMMARY KEYWORDS

business, company, china, government, segments, recovery, terms, continue, sector, investors, valuation, baidu, baba, ai, year, platforms, big, space, unit, private sector



00:00

Because true potential like split up could be a strategy to address a lot of the policy concerns, reduce the potential risk of you know, a policy intervention and structural D rating and potentially make the internet sector much more interesting for global investor guests. With that, I will take a pause and pass on to Joyce to talk more about specific Thank you. Thanks, Winnie. Good morning, everyone.



00:28

As you already know, like No Baba has announced to reorganize into six business groups and also other investments for the 36 unit business units, namely Taobao, Taobao Timo commerce group, cloud Intelligence Group, local service group tiny our small logistics, global digital commerce group digital media and entertainment groups and other investment units. Post this organization Baba will actually follow a holding company management model with each of the six business groups to be managed by its own CEO and board of directors. We have here because we believe this is quite important means like you know those be us are no longer directly reporting to the holding company while they were happier. It's all like, you know, board and also management team to separately evaluate the performance. We view this move actually kind of proactive and also a very smart move, try to actually benefit both investors and also the business stakeholders enhance and more importantly, apart from the like, you know, capital markets value is also enhanced the company's competitiveness for investors of course, like you know, this move is likely to provide better visibility into the value of the company's various business segments on top of its previous segment reporting. It is actually also lays a foundation for future fundraising, spin offs and market like IPOs for each of those business lines. Actually, Daniel Jiang said in the last evenings like you know, Interviewer saying like, no, whenever the business unit but finance ready, they actually can go for IPO and being assessed by the unit. external investors to examine the true value of the company. And also this will actually also help the investor to foster an idea to actually value the home group using some of the parts valuation, which could potentially help the company because right now it's actually being traded at a quite low multiple and also it joined P E, which is used by a majority of the investors however, we do know this company, they right now they only have like, you know, the China commerce and how business are generating positive EBITDA and then even go to like 2025 by the fiscal year we are expecting only like no digital media entertainment turning profitable. So this will actually help the valuation if people are investors who are designing some positive value for its loss making, but they're a promising business. And on the business

side, this is actually something that we want to highlight. We believe this move actually could enable greater ownership of these management teams and key employees, as each business group and investment unit will have tailored incentive plans. Wow, they are also taking full responsibility for the business and financial performance. We know Baba has been a company like compared to other internet company they probably like have longer history and also as existing, no matter culture or organizational structure, have a long history and sometimes not that like you know, adaptable adaptable when you actually bidding in a new business model. We like you know typically sound like you know, new generation of tech companies like PDD like Matewan like finance, they probably have you know, it faster reaction speed, they have more like, you know, agile like you know, organizational structure. So all these changes after the transformation actually we expect our company to actually have a nimble of structures and more efficient you know, mandamus style, so they can quickly respond to the market change and also the competition, which we believe could benefit a company in terms of like, you know, fundamentals and on the other hand, we are also like this idea like they are going to slim down as middle back office functions at a group level and try to transition transition all these capabilities and functions into the relevant business groups and companies. That means, like, you know, each of the business units they are going to have their own system, which will better like you know, fit in the business needs, and also all manage the buy in just respect management him versus previously we all know, like, you know, the HR system, and like, you know, corporate culture they have been quite aggressive internally within the like in the Alibaba Group and sometimes like you know, you will find acquired companies or like invest these other really have a very strong energy when they are not really get a good fit fit into these like, you know, transitions. Yeah, with that, like, you know, we are actually continue to assessing the impact or you know, the how this will actually change the, you know, investors mindshare or like the valuation towards this company. Now, we know like, you know, the some of the parts sometimes like, you know, not a stray magic, although you probably align a high valuation for each of the segments, but traditionally like in China, we have JD we have like, you know, Kennesaw but we have these companies we have, even with like the Siena, historically having a shareholding company structure but also having a large holding company just can't, you know, doesn't really necessarily lead to a higher valuation of the group. However we we believe, like you know, right now, with Bob us major business lines has been more quite competitive. And each of them actually having a quite large exposure in terms of external revenue, industry recognition in terms of like pop to your services. We believe that this car should be like you know, relatively, you know, reasonable compared to some of like, you know, previous examples to but right now, we are still we have our P O, currently using a DCF to value or these business lines, but on top of that, we just want to highlight you know, the companies do have like, you know, 16 US Dollars value from or as long term investments and also the net cash and then they have incrementally 11 US dollars, you know, value coming from a stake in ant financial show. And on top of this, you will actually have a SIM card for each of these like six business units. So we believe our Yeah, actually, that like pretty decent upside from the current trading price. On the book. Yeah, I will stop here.



07:51

Thank you, Julie. Given this is still top off on people's mind. We will take a pause here and see if any investors want to ask a question now, please, raise your hand



08:12

if not yet, I guess we can continue with the call and again, you answered. Okay. So don't please go ahead. Thank



08:24

you can hear me okay. I think you have a truck that does speak quietly regarding the internet and actually could be, you know, I don't know read Greek star the girls path, if at all seems like they haven't already stayed. Of course nobody knows. Another thing I want to translate for you regarding the private sector support right? So this is actually on top everyone's mind, given what's happened in the last two years. And what this means to the to the garment to the dealer, so they actually becoming more able to support or still to work early to call a war when you want your take on this one.



09:06

Yeah. I mean, you know, if we start thinking from the very bottom up very fundamental level, the government cares about the economy up salutely Yes, right. So they needed a private sector to do well to support the economy, employment, you know, created tax income and everything up Palutena. Yes. So I think, you know, from government perspective, I don't think the intention is really about killing the private sector, but I think, you know, what we've seen in the past is more about, you know, focusing on these very large, systematically important platforms, when they become too powerful, too influential whether you're antitrust concerns, you know, the concerns on the Big Data usages stuff like that, and along with you know, if certain private sector companies are in sectors that is getting in the way of other bigger agenda, like you know, the private investment property sector, right, like, you know, the education sector when they become a part of you know, leaving cause of like family formation, government forgiveness, but I don't think there is, like a grand conspiracy to say that government hate credit accept necessarily, right. So I do think this year, with the new government being established with a refocus on economic growth, there will be more there should be more supportive policies to help build up the confidence of the business owners of the private sector right after all for the past three years, whether it's because of the COVID lockdown, or because of you know, certain policies or the stock market action Bureau are applying some concern among the business owners among the private sector. So I do think government should do more continue to send these positive messages. And I think Jack Maas returned to China is being read as a positive interpretation. So I think, you know, this year, generally speaking with the focus on domestic economy, it should be a time for government to promote more of the private sector growth and you know, if we can see some strategic reforms in big platforms like Barber, it will again be quite promising thing, helping the competence of the sector, helping the confidence of the stock market.



11:42

Sorry,



11:45

hahv we started the year being more bullish on r&d that means now that there is some

baby, we started the year being more bullish on red that means now that there is some changes that we are seeing that will change your views in terms of wholly benefiting from constructive, trying to argue that we are voting



12:08

Thank you. You're a bit break up or be breaking up but I guess you know, who will benefit from the constructive views? I think you know, for now, without a lot of clarity, you know, the strength and breadth and the sustainability of the final recovery. The three sectors we keep saying are number one when markets volatile with no direction we prefer the SAE market, but if let's say, you know, market confidence continues to build up because of events like this supportive policies toward private sector or because of reduced the geopolitical tensions. Then we will turn back to the risk of harm and large caps high beta names including the big internet platforms, including the likes of merchant banks, insurance to the again the the beneficiaries in a risk to beta rally, but what Mark is still volatile range trade, you know, as some financials, energy names aren't actually that good at defensive holdings. And they are also benefiting government talks or initiatives about SOE reform. second bucket is about these long term financial growth ideas. Right. You know, the green bond kid is advanced manufacturing is some of the Asia it's more tab. Companies don't have to add to that. It's like well, right like, within within the industrial automation seem like things Daddy was in the semiconductor team. So they are still a share with small cap companies in the real economy. Deep tech hard tech areas that are performed for the long term strategic value, and certainly is the consumer companies with good earnings growth, right, you know, even though reopening names are probably well positioned, and we're already well crowded and they own but actually they continue to hold up better especially companies with decent results. And this morning for the eighth world of the hotel company. Our analysts also think that management guidance is on the conservative prudent side and he thinks there's continued upside a room for upside surprises. So consumer companies with good earnings surprise can probably continue to maintain your your valuation and also fuel prices can be a positive like the bottom up instead of being too much driven by all those top down geopolitical balance. Flow noises. Hey,



14:42

Winnie and Joyce it's Brian fence case sitting here in New York and I just want to thank you for doing this call. Clients are already hitting me left and right and really appreciative. So I think it's great. I had one question for Winnie and one for Joyce. Winnie, my thought was that you know, the effort by the United States to ban Tiktok has really accelerated in the last one month, culminating with the tic toc CEO speaking before Congress on March 23. Has this acted as a unifying catalyst for China government to say look, the government is the US government's effectively attacking one of our best homegrown assets in the last few years. So this is sort of a rallying cry to, you know, support its own industry, and to show the US that it's someone unified and protecting its own. That's one question for you. Any thoughts on that? And then Joyce in terms of the baba split? You know, a big trend in the US has been for companies like Mehta and Google to signal that they're not doing these other bets and that they're diminishing their unprofitable bets, and making it easier for investors to at least ring fence those bets. So that would seem to me to be extremely positive for Baba if they're just isolating the unprofitable businesses and saying they're gonna have to learn to survive on their own. And over here,

we're gonna have 123 very profitable businesses. That way, you know, the profitable ones aren't tainted and the capital allocation is very clear. So just any thoughts on on sort of ring fencing the money losing businesses, almost no matter what the valuation is of those?



16:22

I guess I'll start with the question. I do think there could be such a consideration because for these big national champions, from government perspective, there's only two sides right, you know, always two sides. The one side is that they want to promote these national champions, right, which helped them to gain more global market share globally, you know, overseas revenues and then a opportunities to gain you know, the recognition. But on the other side, when these companies become too big government in a way or you have been intimidated and it's and I guess, you know, oh, you know, whatever reopen government probably felt



17:19

right to contain these epic platforms. But now with much more geopolitical tension with much more pressure with much more risk of tax decoupling. I think government does realize that they need a proper high tech sector, right. So one of the pros and cons of that previously, as I talk about, for example, the tech war that that is after I speculated that, I guess that you know, what government can do in terms of making a breakthrough on this advanced making over computing. One is a top down strategy of using the Big Pharma and national subsidies as the second the strategy is they use the Asia reform, lower the bar to encourage more of these startup private sector pod SME companies in the Siamese software hardware related space to get easy access to game capital markets, right and maybe always up to 100 new listings, you know, Nike wouldn't work, but 10 If 10 can make breakthrough in their respective areas. It'd be huge for China. Right? So that might be the second the strategy in terms of bottom up grassroots innovation or voting and encouraging that. And the third, amass maybe giving the talk to the likes of internet videos, because these internet giants have already been using the you know, the over the American chips, right? Nvidia Intel chips, India, whatever AI cloud data centers as the writing's on the wall, right, your ability to continue to catch up with the leading edge technology chips will be limited. So, you know, it actually is in the interest of the government, even in these companies to look at ways of localization importance of these execution and with the strong innovative power and we handed them off these big internet platforms. They shouldn't be in a great position in terms of trying to make breakthroughs. Right, of course, in the short term, they could also be cost burdens and certainties. But if this is coming anyway, you know, one government probably need these internet levels to continue to do well right to generate enough cash flow and in a way probability to invest in this foundational r&d, but also a split up could also make sense in a way that you know, there will be certain businesses that are more suitable going forward in the medium to long term perspective for Asia listening to be kept up. I'm sure that they don't want to show the data to the PC they will be right where as the other subsidiaries can do be you know, in basketball to the overseeing master Thank you Yeah, hello,



20:12

I'm under like, you know, segue report like segment like, you know, separation part. I think one interesting center of there is indeed although pizzas already historically they recorded you

know, segments like you know, EBIT adjusted EBIT da for each segment, but you will see actually they have the unit or innovate sorry, innovation initiatives and others, they actually having like, you know, quite large you know, off there, but with the reorganization to six business groups, to be honest, I think they will have to align some whilst, of course, to each of the business unit, making the segments like, you know, probably fine financial perspective a little bit, a little bit different from my previous segment reporting, but our general sense is for most of you know, business units of Baba to like you know, for say like, you know, low close consumer services, which they have a business quite similar to, you know, major ones, you know, food delivery and you have like, you know, in store dining and you have some like you know, mapping services, which I do have, and you have like, you know, class hanja which is a logistic company, which JDL has already been there, and they have digital media entertainment with a business similar to um, you know, either has a video or IGE so, they do have a lot of like, you know, comps on the industry, which are either already profitable or actually showing very clear has into profitability. So that's probably also one of the reasons because quite a lot of these business units that podem your enter into a mature stage. So I think that's also why the group decided to Okay, let's do the spin off and, you know, try to push you a little bit in terms of enhance your efficiency and make yourself a independent and profitable entity or either you know, an entity with high gross kind of being valued by the external investors. The situation could be a little bit different work out and Intelligence Group, because we see this group will continue to be led by the the Group chairman and CEO. Historically, cloud was a profitable business but with AI elements added into the BU we are not quite sure if this is going to be a key or a key segment. That group we're allocating more resources to invest. Yeah, that's probably the the rough says we have here.



22:52

Yeah, I would just my final comment would be winning your point about the importance of like the semiconductor industry. The elephant in the room is AI and Nvidia and the progress that open AI and Microsoft are making. So if AI becomes this must have piece of machinery and chipmaking. You know, that needs to be funded from really successful big tech companies. And it feels like those are Tencent, Alibaba and Baidu and these big companies so they need to be healthy in order to fund the cap x wave required. For AI. So that's a great point. Thank you very much. Yeah.



23:34

I'll just start with two questions. One on your strategy side and one for the for the tech side. So on the backside, probably versus that if you read chip Walters, right. So it's quite clear that the technology that is needed on the semiconductor space or even on the hardware tech space, you know, China's about a couple of generations behind, right so, you know, to catch up to where we are right now with the US Taiwan, Japanese makers, you probably have at least five years behind, not you, the Chinese. So how is the bridge going to happen? Because like, let's be very frank. Like if I'm using iPhone 14, just to give a like a very basic example. There is very little chance for me to use iPhone seven, right so how will that sort of pitch II got the pitch. One and second. COVID says that if you put on a strategy, I mean, the recent numbers that have come out on the industrial side in China, there have been very positive so do you see the profits morning out or do you see activity? And what's next? Thank you.



24:42

Okay. I think those calls are the questions are more strategy clutter. I will quickly show a couple of slides. This is one slide we showed in last week's call with the whole arm Innovation Fund which is a JV between arm China and Hong Kong, where they get to identify the gaps across different parts of supply chain so there are areas China are more advanced like the packaging, testing. They are areas China's really behind like on the IQ GPU and particularly on these equipment and special chemicals. So China on its own, do everything. It's almost impossible, at least for now. So they do think and we don't think China will continue to need to rely on global partners in a number of areas, including these logical chips and whatever. But your area China is quickly closing up the gap and potentially can do more. So understand the area we don't think China can completely disconnect and do everything on its own cooperation competition together will probably be the strategy. But I bet that you know, they smart strategy will be using multiple channels right, including the big so you subsidies including the startup SMEs, and these big Internet giants could play an important role. Secondly, in terms of the earnings very quickly, I think for 2022 earnings. Consensus only has stabilized that we're looking at around four to 5% year on year, so 2022 overall and that China's earnings decline, but 2023 so by consensus looking at around 15% earnings growth and that estimate year to date, it was stable, right as the dawn maybe 50 basis point. All right. So hopefully the worst of earnings will be behind us from overall China perspective. Being 2022 With that, I guess I should pop back. Let the time to Miranda and lead the team to continue with other key key updates for the Internet sector for the past month.



26:48

Thank you, thank you weenie. So for today, we will go through the key highlights or recap of our results takeaways from our oceans with the companies and we will provide an update by segments in details. So in in terms of random I will pass to Jeanette to quickly go over the high level summary of the results recap. Then I will pass too late to talk more details for the indeterminate six months. And then to me for the online testing and verticals and Baidu and then has to join for ecommerce segments. Yeah, they will have to generic please go ahead



27:30

everyone, I will just briefly give an overview of the sector's four key results and how except patience has changed for long queue after this earnings season and the sector's cost control trends in both COVID era. So let me share my screen during the quarter



27:52

revenue was largely in line with



27:54

consensus which has already been marked because what it expects is negativity from the COVID however, the adjusted net profit, operating profit all comes mainly because of the tight

control. Control which started from earlier this year. continued into four q 223. We see that earnings expectations for first quarter has increased the month after the results to adjust for economic activity after the Swift reopening.



28:41

The expectation is even lower by single digits on the line and many, many measures. And we think even



29:02

as even when the companies see gradual recovery in their downline, they will continue in this country next year



29:15

expecting



29:17

high growth revenue next year while operating expenses



29:29

expected to increase



29:41

revenue



30:01

for the digital age, her commandments actually moved her changing the rack moves for ringside. We have seen the game together. Game breach memory gaming history also for my video you want to start with you have to be so open to speaking in favor of science that teach you how sometimes match managers and Rackspace across the majors don't mention me you have to go through anyway they need to have some time span for assumption new domains. So check my show and add a domain you can sync daily time span declined a little bit better we think it's time for a way to issue the appeal back to work after the reopen. So recently we upgrade BD BD and it was mainly due to our positive regulatory and a Comcast supply chain. Also I will recap a little bit on food delivery that we have made while the data burning center also last week. The feedback make stuff as we open actually in that event so local so today we're also we have actually seen my church my girls sneak from time to time to a story. But we

have seen competitions from Adobe is actually on the install base has become more inclined to buy which accurate new kinds of larger profiles of is actually for me in store business. So we check current and respect somewhere as 35% which is a major lower than our numbers lactation 40% But in terms of this episode to network impact in profit, due to better than expected top line growth we're actually seeing the profit impact translate to bottom line I already mentioned. So gaming the valuation we think Matewan still attractive at the current valuation, we use your your ISO p p for the core business. So with the 20 times P E ratios you have like 20 to 30% access from the current trading price. So January investor feedback is also makes the some of the master is disappointed on operating margins that but people do appreciate the better than expected hope like girls. Also the food delivery business is quiet sorry they didn't wear a shoe I think can support at least 110k value or per share valuation of the stock here and the past to Miranda chew on online. Advertising Seth thank you



33:13

so for as you can see from the screen I thought the online advertising space, we actually see a better than field for fourth quarter results and 2023 although as you can see from the table, we have an upset revision for the fourth few numbers and also the first quarter 23 and 2023. So the competition environment in the online space seems to be largely stable and the sector is benefiting from the macro recovery. And we are going to see that the things as a recovery is across the board among the different types of media companies except for the E commerce space, which seem to see intensifying competition and also growth based recovery across different advertiser segments. Looking ahead, we expect the macro to continue to be the key driver who factors the recent macro uncertainty, we look for more uncertainty. So we'd like to try to avoid our type of skewing towards the offline advertiser and also his ability to add imagery. In terms of catalysts in the short term we watch for the opportunity for second quarter, which may be at risk if the advertisers decide to spend more for the upcoming ecommerce promotion season due to better consumption, recovery or due to the competition pressure. And then the second part is on the online verticals. We see different cyclical cycle trends across different names. So we see up cycle for the online property space, ie for the beta, but we think the key overhang here is in the near term. is lack of visibility for you know continuous sustainable housing market recovery. Going ahead, especially as the recent housing data started to trend weaker off the high base out to jumpstart in early last year. Looking ahead we see upside with all capitalist if the housing market data improve as sustainable recovery, which may likely be need to be driven by the macro and income recovery, because we don't expect major housing policy stimulus going forward. And then secondly, we see down cycle for the near term for the online auto space mainly for the order form. And we think the near term overhead is that investors are most concerned over the impact on the weekly auto market in the first half of this year. Especially we're seeing a price war in the auto brands and dealers and they're looking ahead, we'll see the near term catalysts they come from if there will be any stimulus for the open market and laser be in for the healthcare space. Which is lucky. We think there's still going to be a high most trends are benefiting from the online penetration. Previously with video investors are quite concerned that in China after going into the post Kobe era and then the sector may have a big ball out across the Federation and we've got to be lower even some traffic going back to all fine but you know we have a referral from the JD house with some results based on the provide a very strong guidance and all look for 23 in a midterm. So we believe this can reduce a relief investor as Christians all over the space. And the implication is also we see withdrawal to ally health results. And then the last section that I would like to touch on is for the generative AI which is quite topical. Then we are very excited about this opportunity. For Baidu. We want to highlight three key achievements or

developments in Baidu festival by dudes advantage in this is that he has a full stack of AI input layers, cheap work, light language models, and also the application also in terms of the technology, you know, specific for the highlights of spiders, early bots similar to JpT you also use the supervised fine tuning and reinforcement learning from human feedback. Cope learning. We would like to hide that that are different for each activity I do is enhance his own chatbots always want His Knowledge Graph to increase the accuracy of the results. And also with the tree Bill augmentation which can leverage on by doing unique search capability to better you know, true information and also the dialogue argumentation to improve the communication effect with the users. And the second thing that to highlight is we are very encouraged to see bad news. Speak to market has already launched the chat bots are an important thing that means not this year, but demonstrated in several areas of competitors you know, abilities. And then shortly just this week, just two weeks later, but I do already launched a new another new product which is Ernie and his band, which is lighter with models that are targeting enterprise customers for his AI cloud business. And in the demonstration of the you know Ernie tent that we find on the has further improved fast from the version at new launch in mid March. For example, demonstrating a more advanced needle for example like to generate a PowerPoint. If you you know report as Microsoft itself is only recently launching this feature and also for example, advanced skills that being able to generate traffic itinerary and make bookings that then certainly we are also very encouraged to see that the monetization for the technology provider who had already started to kick off with the, you know, started to chart his AI cloud business or to charge the asset for Moodle and service fees by charging the API service fees on the enterprise customers. And then we also see many more monetization potentials are beyond just you know the model as a service business. For example, because as we mentioned, for example, the the technology has the ability to have okay to do the last remaining remain ecommerce so that it seems I have ability to conduct transactions, which may lead to more monetization opportunities for example, like the commission based revenue or cost per sales or cost per the type of revenues. I will say that and many people are asking about what more to expect and what the other catalysts. So we see asset catalysts form are coming from like for example, more testing feedback from the enterprise partners of Baidu and also more product launches by Baidu for example, you can integrate the early capability into his other business like search. You know, Microsoft has already been doing so and also his IoT business that will do and also auto exact or other business. And then also certainly is the advancement in his, you know, technology capabilities. It demonstrated that and also the fourth one is the expansion of user and customer base and then the, the other one is the positive investment factor from the overseas peers or Microsoft or Google. They're doing development in many VR positive sector and then benefit by two. Of course, we also see some downside risk, which is related to chips regarding the supply of the chips and you know, the cost or tax associated with that, and then, you know, and then the other downside potential downside risk is if there is any, you know, other chatbots such by other companies in China and it demonstrated that he has better more superior you know, capabilities than I do. So, I will stop here and then our path to joy is to talk about e commerce and travel and



42:36

yeah, on the E commerce side, like you know, several key message first, the first order Basically, most of the companies they actually meet in the expectation because they have previously managed hosting to kind of in the case like you know, a relatively soft was water being like Mr. Macro, right. So basically, most company be down the bottom lines, some of them are also okay with the top line, the bottom line is beat FOREVER only because of their unique cost control and also in a strong technology. Not much surprises on the first quarter,

which is a little bit disappointing. Basically all major companies are indicated that they see a relatively you know, softer than expected like you know, recovery trending consumer demand. They have a gradual pickup in consumer consumption after de Luna New York in February and continued to like, you know, term a lip slightly bad or in the March. However, like you know, just the magnitude of like, you know, recovery and the overall sentiment seems like you know, weaker than up like you know, investor and also the company's previous, you know, expectations. We see the pace off recovering weaker than like, you know, we expected and the visibility of the further recovery in the second half also seems low. So as a result we actually tuned down all our estimates for the full year for most of the company, especially for the first half as now we are seeing a relatively soft mill Nanda and also according to the company compared to like, you know, discretionary categories, like electronic products, cosmetics, they are really kind of soft in demand, they post show slightly and resilient trans with some platforms or less such as like in the PDA they are saying like, you know, actually see the solid like you know, improvement. And another message is, we have seen more and more platforms they have emphasizing the price competitiveness, and also try to add marketing's band up to five for the consumer minor militia. I think the key message is they really want to capture the opportunity of consumption, you know, recovery and try to prototype your market share for those like you know, existing giant platforms and the wall to seize more market share for those like no fast growing platforms such as the E Marshall Ltd. However, I would kind of find these type of investment mindset. They definitely increased absolute dollars. But in terms of like, you know, percentage perspective, I think it was still quite cautious at least at the current consumer demand, you know, situation, they still are ROI Focused and try to balance between growth and profitability. But however if we are really seeing a you know, a turnaround in consumer demand a stronger you know, consumer sentiment, I will believe those company actually will add on their budgets and try to capture the opportunities. I think they are prepared for intense competition this year. And also, another message is we have saved most of the company they say they are making organizational change to try to be more productive, efficient and also, they are investing for some future growth areas. For example, like, you know, PDB change to like, add holidays, which tam will become a key growth focus for our next couple years. And Baba also like restructured twice, you tried to adopt a similar structure and then like, you know, he has the competitiveness. So overall speaking, we see the space, you know, getting more pressure from the competition. But the, the good side is we also see this companies become like, the more efficient and also doing more prudent, like you know, cost controls, you know, throughout the whole pandemic and try to keep that good habits, you know, just in the following years. On the travel side, this is probably the most the best recovery segment we have said, they actually see what see Trump actually say they are going to have a full recovery of the revenue compared to to the other night just on the pop up demand on domestic. And also The album also showing a graduate pickup as the crossbow border flights capacity are gradually picking up. We expect the company like you know to have a full year revenue higher than southern it and also a margin slightly move from it as well. However, like you know, the valuation goes up push backs from some investors as like, you know, the company are trading at higher across probably all transactions online Yeah, I will stop here if any question Okay, great. So,



48:00

we probably have a few minutes left and let's see if there are any questions from our audience.



48:17



48:1 /

It's almost 10 o'clock. I know you're very busy morning. Thank you so much for for joining our law. We'll be hosting good company and more events on this topic. So please do reach out to us if you have any other questions. Thank you all and have a great day.