

# Kingdee

## Earnings Review

Solid 1H results, R&D investment likely to peak and operating leverage on the horizon, raising PT to HK\$33.7

### Solid results underpinned by resilient demand and a clear strategy

Kingdee reported solid 1H results. Cloud revenue grew strongly by 55.1% YoY to RMB1.2bn. The proportion of cloud business was further improved to 66.1%. The leading indicator – cloud contract liabilities was up by 74.9% YoY to RMB1.2bn by the end of Jun, suggesting an upbeat outlook for the following reporting periods. Gross margin declined slightly to 62.7% compared to 64.2% in 1H20, due to the continued restructuring of the outsourcing implementation team for the large enterprise clients. R&D expenses rose substantially by 74.3% YoY with R&D/revenue ratio of 33.4%, reflecting the continuous technology investment. As a result, the company reported a wider adj. net loss of RMB248mn, compared to the loss of RMB224mn in 1H20. However, we believe the loss is transitory, because the restructuring of outsourcing implementation is expected to end by FY22 and R&D investment is likely to peak this year, and the margin is expected to recover along with its high topline growth, in our view. We like Kingdee, on the demand side, we see: 1) resilient demand for digitalization across all the business sectors; 2) new clients coming from domestic substitution; on the product side: Cloud Cosmic PaaS platform laid the ground for its cloud business ecosystem which can integrate more diversified modules easily and serve different sized clients. We reiterate our Buy rating and raise PT to HK\$33.7, which comprises HK\$31.8 for cloud business (16x FY23e cloud revenue), HK\$1.2 for ERP business (20x FY23e EBIT), and HK\$0.7 for its IP.

### Cosmic PaaS laid ground for its cloud eco and drives future growth

Cloud Cosmic is the key driver of Kingdee's cloud business. In May Kingdee introduced Cloud Cosmic 4.0 with 186 patent applications in total and announced new SaaS application Cloud Constellation on top of the Cosmic platform. Apart from expanding different modules and SaaS applications horizontally, Cloud Cosmic can help upgrade its existing clients from Cloud Galaxy/Jingdou vertically. In 1H, Cloud Cosmic/Constellation recorded revenue of RMB160mn, up 155.4% YoY. Dollar retention rate was more than 100% and the company added 142 new customers (incl. 105 upsell customers) with a per contract value of RMB1.3mn. with Cosmic based cloud ecosystem, the company can improve ARPU, save S&M expenses and reduce the attrition rate in the long run, in our views.

### R&D investment likely to peak and operating leverage on the horizon

R&D investment is likely to peak this year, in our view. Along with the moderate S&M expenses, we expect its adj. EBITDA (excl. IP) will turn profit in FY23e. On the cash flow side, OCF turned negative to RMB89.7mn before micro-credit business in 1H21. However, with investment slowing down and high topline growth, we expect its FCF (excl. IP) will reach more than RMB2bn by FY25e, implying a CAGR of ~78% during FY20-25e.

### Risks

Key risks to our PT include: 1) slower-than-expected cloud transition; 2) higher-than-expected opex ratio; 3) intensified competition.

Stock code: 268.HK

Rating: Buy

<b>Price target (HK\$)</b>	<b>33.7</b>
Previous price (HK\$)	24.6
Current price (HK\$, 1 Sep 2021)	28.1
Upside/downside %	20%
Market cap (HK\$ m)	97,343
Market cap (US\$ m)	12,517
Avg daily turnover over 1 yr (HK\$ m)	486

Source: Bloomberg, AMTD estimates

### Key forecasts

(RMB mn)	FY20	FY21e	FY22e	FY23e
Cloud Services	1,912	2,869	4,104	5,730
yoy %	46%	50%	43%	40%
Revenue	3,356	4,307	5,364	6,860
yoy %	1%	28%	25%	28%
FCFF (excl. IP)	123	(122)	(106)	414
yoy %	NA	NA	NA	NA
Adj net profit	(160)	(313)	(256)	2
yoy %	NA	NA	NA	NA
Adj EPS (RMB)	(0.05)	(0.09)	(0.07)	0.00

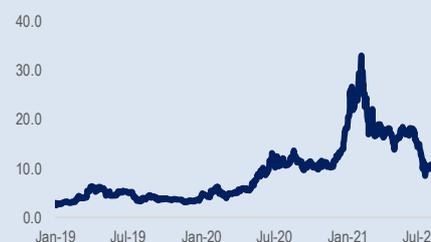
Source: Company data, AMTD estimates

### Valuation

	FY20	FY21e	FY22e	FY23e
P/S	24.1	18.8	15.1	11.8
P/E	NA	NA	NA	36,918
EV/EBITDA	1,363.6	98.9	79.8	91.1
EV/FCFF	164.6	189.9	151.2	44.1
ROE	NA	NA	NA	NA

Source: Bloomberg, AMTD estimates

### Share price performance (HK\$)



Source: Bloomberg

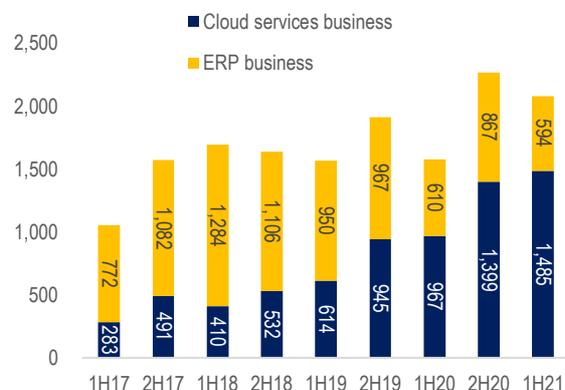
**Brian Li**  
Analyst

+852 3163 3384

[brian.li@amtdgroup.com](mailto:brian.li@amtdgroup.com)

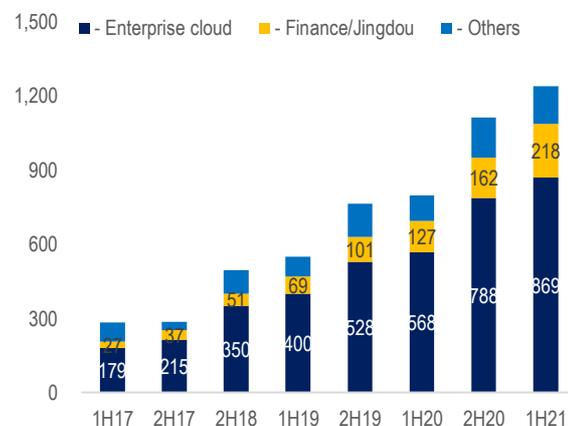
**Total billings & cloud business revenue**

**Figure 1: Total billings breakdown (RMB mn)**



Source: Company data, AMTD Research

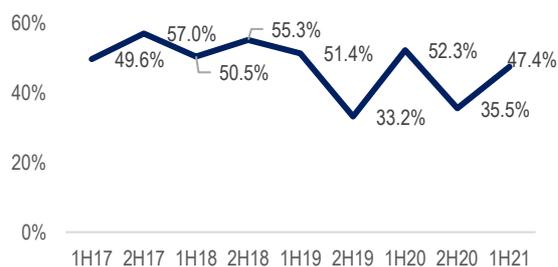
**Figure 2: Cloud revenue breakdown (RMB mn)**



Source: Company data, AMTD Research  
\*Note: Enterprise cloud includes Cosmic/Galaxy

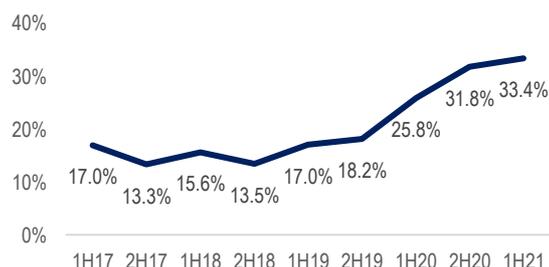
**Operating expenses ratio**

**Figure 3: S&M to revenue ratio**



Source: Company data, AMTD Research

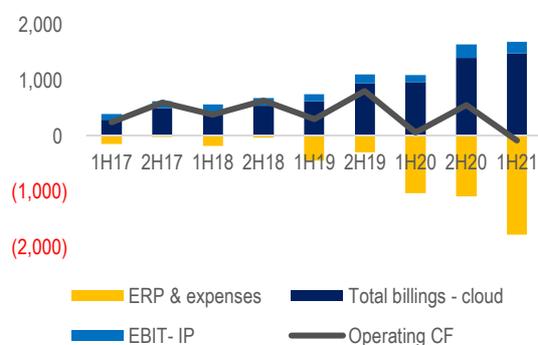
**Figure 4: R&D to revenue ratio**



Source: Company data, AMTD Research

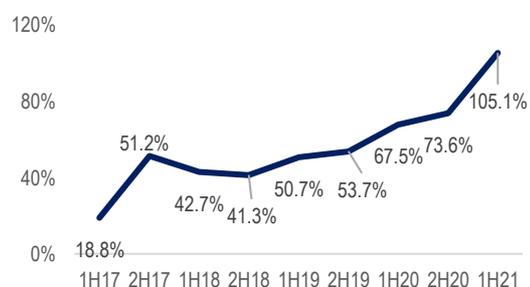
**Cash flow & capex/LT investment**

**Figure 5: Operating cash flow breakdown (RMB mn)**



Source: Company data, AMTD Research

**Figure 6: Capex & LT investment as % of operating cash flow (TTM)**



Source: Company data, AMTD Research

**Figure 7: Kingdee's key financials & forecasts**

RMB mn	FY18	FY19	FY20	FY21E	FY22E	FY23E	CAGR FY20- 23E	1H18	1H19	1H20	1H21
Management Software - ERP	1,959.4	2,012.0	1,444.1	1,437.9	1,259.7	1,130.0	-14.5%	924.0	934.9	589.1	634.1
Cloud Services	849.3	1,313.6	1,912.4	2,869.2	4,104.4	5,729.8	46.2%	355.1	550.2	798.4	1,238.3
<b>Total Revenue</b>	<b>2,808.7</b>	<b>3,325.6</b>	<b>3,356.4</b>	<b>4,307.1</b>	<b>5,364.1</b>	<b>6,859.9</b>	<b>17.3%</b>	<b>1,279.1</b>	<b>1,485.2</b>	<b>1,387.4</b>	<b>1,872.4</b>
<b>Cost of Goods Sold</b>	<b>(514.3)</b>	<b>(922.4)</b>	<b>(1,147.4)</b>	<b>(1,550.6)</b>	<b>(1,957.9)</b>	<b>(2,469.6)</b>	<b>28.5%</b>	<b>(253.2)</b>	<b>(304.7)</b>	<b>(497.0)</b>	<b>(698.3)</b>
<b>Gross Profit</b>	<b>2,294.3</b>	<b>2,403.2</b>	<b>2,209.0</b>	<b>2,756.6</b>	<b>3,406.2</b>	<b>4,390.3</b>	<b>12.3%</b>	<b>1,025.9</b>	<b>1,180.4</b>	<b>890.5</b>	<b>1,174.1</b>
<i>Gross margin</i>	81.7%	72.3%	65.8%	64.0%	63.5%	64.0%		80.2%	79.5%	64.2%	62.7%
S&M	(1,491.3)	(1,374.0)	(1,425.1)	(1,852.1)	(2,279.7)	(2,812.5)	18.4%	(645.7)	(762.7)	(725.9)	(887.8)
G&A	(334.3)	(386.3)	(413.6)	(516.9)	(590.0)	(617.4)	15.2%	(146.1)	(163.4)	(189.2)	(207.6)
R&D	(405.2)	(586.8)	(983.9)	(1,378.3)	(1,609.2)	(1,852.2)	40.0%	(199.4)	(252.5)	(358.4)	(624.7)
<b>Operating expenses</b>	<b>(2,230.8)</b>	<b>(2,347.2)</b>	<b>(2,822.6)</b>	<b>(3,747.2)</b>	<b>(4,479.0)</b>	<b>(5,282.1)</b>	<b>24.0%</b>	<b>(991.2)</b>	<b>(1,178.6)</b>	<b>(1,273.5)</b>	<b>(1,720.1)</b>
(+) SBC	91.5	103.9	161.2	198.2	236.2	288.3	31.5%	49.4	44.9	89.7	55.5
<b>Adj. operating expenses</b>	<b>(2,139.3)</b>	<b>(2,243.2)</b>	<b>(2,661.4)</b>	<b>(3,549.0)</b>	<b>(4,242.9)</b>	<b>(4,993.8)</b>	<b>23.7%</b>	<b>(941.9)</b>	<b>(1,133.7)</b>	<b>(1,183.8)</b>	<b>(1,664.7)</b>
<i>Opex ratio</i>	76.2%	67.5%	79.3%	82.4%	79.1%	72.8%		73.6%	76.3%	85.3%	88.9%
<b>Adj. EBIT (excl. IP)</b>	<b>155.0</b>	<b>160.0</b>	<b>(452.4)</b>	<b>(792.4)</b>	<b>(836.7)</b>	<b>(603.5)</b>	<b>NA</b>	<b>84.0</b>	<b>46.7</b>	<b>(293.3)</b>	<b>(490.5)</b>
<i>Adj. EBIT margin</i>	5.5%	4.8%	-13.5%	-18.4%	-15.6%	-8.8%		6.6%	3.1%	-21.1%	-26.2%
<b>Adj. EBITDA (excl. IP)</b>	<b>507.0</b>	<b>626.5</b>	<b>18.7</b>	<b>(188.1)</b>	<b>(163.0)</b>	<b>148.7</b>	<b>NA</b>	<b>240.8</b>	<b>241.1</b>	<b>(60.7)</b>	<b>(283.3)</b>
<b>EBIT - Investment Properties</b>	<b>167.5</b>	<b>113.2</b>	<b>78.7</b>	<b>80.1</b>	<b>81.6</b>	<b>81.6</b>	<b>-10.3%</b>	<b>34.9</b>	<b>36.9</b>	<b>38.6</b>	<b>35.9</b>
Total Financial Costs	(30.5)	(14.4)	(12.9)	(9.7)	(9.7)	(9.7)		(10.3)	(8.2)	(3.7)	(3.7)
Share Profits From Associated Companies	(4.2)	(33.0)	(3.3)	(3.3)	(3.3)	(3.3)		(0.7)	(10.2)	(2.0)	7.5
<b>Income Before Income Taxes</b>	<b>448.0</b>	<b>396.1</b>	<b>(382.7)</b>	<b>(539.0)</b>	<b>(535.2)</b>	<b>(337.4)</b>	<b>NA</b>	<b>169.5</b>	<b>119.1</b>	<b>(250.9)</b>	<b>(325.1)</b>
Income Tax Expense (Benefit)	(38.8)	(30.3)	41.0	27.0	42.8	50.6		(11.1)	(8.2)	9.2	38.7
<b>Net Income - reported</b>	<b>412.1</b>	<b>372.6</b>	<b>(335.5)</b>	<b>(505.9)</b>	<b>(486.1)</b>	<b>(280.5)</b>	<b>NA</b>	<b>169.8</b>	<b>109.6</b>	<b>(224.0)</b>	<b>(248.1)</b>
<b>Adj net Profit</b>	<b>360.9</b>	<b>352.0</b>	<b>(160.2)</b>	<b>(313.2)</b>	<b>(255.5)</b>	<b>2.2</b>	<b>NA</b>	<b>219.1</b>	<b>154.5</b>	<b>(134.3)</b>	<b>(202.2)</b>
Adj EPS (RMB)	0.108	0.106	(0.048)	(0.092)	(0.074)	0.001	NA	0.069	0.046	(0.041)	(0.059)
Diluted - reported EPS (RMB)	0.123	0.112	(0.101)	(0.149)	(0.140)	(0.081)	NA	0.053	0.033	(0.069)	(0.073)
Final Dividend Per Shr (RMB)	0.010	0.011	NA	NA	NA	NA	NA	-	-	-	-

Source: Company data, AMTD Research estimates

**Figure 8: growth, YoY**

	FY18	FY19	FY20	FY21E	FY22E	FY23E	1H18	1H19	1H20	1H21
Management Software - ERP	12.9%	2.7%	-28.2%	-0.4%	-12.4%	-10.3%	19.7%	1.2%	-37.0%	7.7%
Cloud Services	49.5%	54.7%	45.6%	50.0%	43.1%	39.6%	25.6%	54.9%	45.1%	55.1%
<b>Total Revenue</b>	<b>21.9%</b>	<b>18.4%</b>	<b>0.9%</b>	<b>28.3%</b>	<b>24.5%</b>	<b>27.9%</b>	<b>21.3%</b>	<b>16.1%</b>	<b>-6.6%</b>	<b>35.0%</b>
<b>Cost of Goods Sold</b>	<b>20.5%</b>	<b>79.3%</b>	<b>24.4%</b>	<b>35.1%</b>	<b>26.3%</b>	<b>26.1%</b>	<b>20.8%</b>	<b>20.3%</b>	<b>63.1%</b>	<b>40.5%</b>
<b>Gross Profit</b>	<b>22.3%</b>	<b>4.7%</b>	<b>-8.1%</b>	<b>24.8%</b>	<b>23.6%</b>	<b>28.9%</b>	<b>21.4%</b>	<b>15.1%</b>	<b>-24.6%</b>	<b>31.9%</b>
S&M	20.7%	-7.9%	3.7%	30.0%	23.1%	23.4%	23.4%	18.1%	-4.8%	22.3%
G&A	4.4%	15.5%	7.1%	25.0%	14.2%	4.6%	13.1%	11.9%	15.8%	9.7%
R&D	17.3%	44.8%	67.7%	40.1%	16.8%	15.1%	11.4%	26.6%	42.0%	74.3%
<b>Operating expenses</b>	<b>17.3%</b>	<b>5.2%</b>	<b>20.3%</b>	<b>32.8%</b>	<b>19.5%</b>	<b>17.9%</b>	<b>19.2%</b>	<b>18.9%</b>	<b>8.1%</b>	<b>35.1%</b>
(+) SBC	34.4%	13.6%	55.1%	23.0%	19.1%	22.1%	87.4%	-9.1%	99.9%	-38.2%
<b>Adj. operating expenses</b>	<b>16.7%</b>	<b>4.9%</b>	<b>18.6%</b>	<b>33.4%</b>	<b>19.6%</b>	<b>17.7%</b>	<b>17.0%</b>	<b>20.4%</b>	<b>4.4%</b>	<b>40.6%</b>
<b>Adj. EBIT (excl. IP)</b>	<b>259.0%</b>	<b>3.2%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>-44.4%</b>	<b>NA</b>	<b>NA</b>
<b>Adj. EBITDA (excl. IP)</b>	<b>26.3%</b>	<b>23.6%</b>	<b>-97.0%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>0.1%</b>	<b>NA</b>	<b>NA</b>
<b>EBIT - Investment Properties</b>	<b>1.7%</b>	<b>-32.4%</b>	<b>-30.5%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>0.0%</b>	<b>9.0%</b>	<b>5.8%</b>	<b>4.7%</b>	<b>-7.0%</b>
Total Financial Costs	-54.6%	-52.8%	-10.7%	-24.9%	0.0%	0.0%	-67.8%	-19.6%	-55.3%	1.6%
Financial Income	-26.4%	-32.9%	146.8%	0.0%	0.0%	0.0%	-26.9%	5.2%	-39.2%	209.1%
Share Profits From Associated Companies	-72.2%	678.9%	-89.9%	0.0%	0.0%	0.0%	-55.7%	1431.3%	-80.9%	NA
<b>Income Before Income Taxes</b>	<b>18.4%</b>	<b>-11.6%</b>	<b>NA</b>	<b>40.8%</b>	<b>NA</b>	<b>NA</b>	<b>54.2%</b>	<b>-29.7%</b>	<b>NA</b>	<b>NA</b>
Income Tax Expense (Benefit)	NA	-21.7%	NA	-34.3%	58.9%	18.2%	114.0%	-26.0%	NA	NA
<b>Net Income - reported</b>	<b>32.9%</b>	<b>-9.6%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>-35.4%</b>	<b>NA</b>	<b>NA</b>
<b>Adj. net Profit</b>	<b>60.5%</b>	<b>-2.5%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>-29.5%</b>	<b>NA</b>	<b>NA</b>
<b>Adj. EPS (RMB)</b>	<b>38.2%</b>	<b>-1.6%</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>-32.3%</b>	<b>NA</b>	<b>NA</b>

Source: Company data, AMTD Research estimates

## Valuation

Figure 9: SOTP summary

	HKD Mn	Per share (HKD)
Cloud business valuation	110,455	31.8
ERP business valuation	4,084	1.2
<b>Total</b>	<b>114,539</b>	<b>33.0</b>
Investment properties		0.7
<b>Total valuation per share</b>		<b>33.7</b>

Source: Company data, AMTD Research estimates

Figure 10: Cloud business valuation

(RMB mn)	FY20	FY21E	FY22E	FY23E
Revenue	1,912	2,869	4,104	5,730
% YoY	45.6%	50.0%	43.1%	39.6%
FY20/23E CAGR				44.2%
x P/S Multiple				16.0x
<b>Cloud business in RMB mn</b>				<b>91,678</b>
<b>Cloud business in HKD mn</b>				<b>110,455</b>

Source: Company data, assuming HKDCNY of 0.83, AMTD Research estimates

Figure 10: ERP business valuation

(RMB mn)	FY20	FY21E	FY22E	FY23E
Revenue	1,444	1,438	1,260	1,130
% YoY	-28.2%	-0.4%	-12.4%	-10.3%
EBIT margin				15%
x Multiple				20.0x
<b>ERP business in RMB mn</b>				<b>3,390</b>
<b>ERP business in HKD mn</b>				<b>4,084</b>

Source: Company data, assuming HKDCNY of 0.83, AMTD Research estimates

## Comparables

Figure 12: Comparables

Date	1/9/2021	Price (LC)	Mkt cap (USD mn)	Sales				P/E				PEG	EV/FCFF			FCFF CAGR
				FY20	FY21E	FY22E	'20-22E	FY20	FY21E	FY22E	'21E-22E		FY20	FY21E	FY22E	
<b>SaaS – HK &amp; China listed</b>																
268 HK	Kingdee	28.05	12,517	24.1x	18.8x	15.1x	31%	NA	NA	NA	NA	164.6x	189.9x	151.2x	NA	
600588 CH	Yonyou	33.35	16,884	13.7x	10.9x	8.5x	27%	107.6x	109.0x	87.8x	3.6	93.2x	77.8x	66.0x	19%	
2013 HK	Weimob	12.36	4,107	14.4x	9.5x	7.3x	40%	209.1x	NA	NA	NA	NA	NA	NA	NA	
8083 HK	China Youzan	1.13	2,508	9.5x	8.8x	6.4x	21%	NA	NA	NA	NA	NA	NA	NA	NA	
1588 HK	Chanjet	18.40	514	7.0x	5.6x	4.3x	27%	71.5x	NA	NA	NA	NA	NA	NA	NA	
909 HK	Ming Yuan Cloud	27.60	6,987	28.2x	18.9x	13.7x	44%	NA	126.0x	88.5x	2.1	94.4x	80.1x	61.5x	24%	
<b>Mean (excl. Kingdee):</b>				<b>14.5x</b>	<b>10.7x</b>	<b>8.0x</b>	<b>32%</b>	<b>129.4x</b>	<b>117.5x</b>	<b>88.1x</b>	<b>2.9</b>	<b>93.8x</b>	<b>78.9x</b>	<b>63.7x</b>	<b>21%</b>	
<b>Median (excl. Kingdee):</b>				<b>13.7x</b>	<b>9.5x</b>	<b>7.3x</b>	<b>27%</b>	<b>107.6x</b>	<b>117.5x</b>	<b>88.1x</b>	<b>2.9</b>	<b>93.8x</b>	<b>78.9x</b>	<b>63.7x</b>	<b>21%</b>	
<b>SaaS - transition</b>																
ORCL US	Oracle*	89.95	251,140	6.4x	6.3x	5.9x	4%	28.6x	20.7x	19.5x	3.1	24.0x	24.2x	24.9x	NA	
MSFT US	Microsoft*	301.83	2,268,220	15.9x	14.3x	11.9x	16%	52.4x	44.7x	34.4x	1.2	54.8x	45.2x	37.4x	21%	
ADBE US	Adobe*	665.89	317,230	24.7x	20.9x	17.6x	18%	61.5x	59.3x	47.6x	2.0	61.7x	52.6x	41.9x	21%	
SAP GR	SAP	126.76	184,503	5.9x	5.7x	5.4x	4%	27.0x	21.6x	24.0x	NA	35.2x	33.0x	29.4x	9%	
<b>Mean:</b>				<b>13.2x</b>	<b>11.8x</b>	<b>10.2x</b>	<b>11%</b>	<b>42.4x</b>	<b>36.6x</b>	<b>31.4x</b>	<b>2.1</b>	<b>43.9x</b>	<b>38.8x</b>	<b>33.4x</b>	<b>17%</b>	
<b>Median:</b>				<b>11.1x</b>	<b>10.3x</b>	<b>8.9x</b>	<b>10%</b>	<b>40.5x</b>	<b>33.1x</b>	<b>29.2x</b>	<b>2.0</b>	<b>45.0x</b>	<b>39.1x</b>	<b>33.4x</b>	<b>21%</b>	
<b>SaaS - native</b>																
CRM US	Salesforce.Com*	268.32	262,685	15.4x	12.4x	10.0x	24%	NA	57.8x	61.1x	NA	77.7x	63.3x	56.4x	17%	
WDAY US	Workday Inc-A*	273.37	67,796	18.7x	15.8x	13.3x	19%	NA	101.3x	74.4x	2.1	131.6x	85.6x	55.6x	54%	
VEEV US	Veeva Systems-A*	333.82	51,048	46.2x	35.2x	28.0x	29%	175.5x	117.5x	94.9x	4.0	127.5x	93.9x	67.1x	38%	
ZM US	Zoom Video Com-A	290.86	86,423	NA	33.5x	21.5x	NA	831.0x	100.0x	60.6x	0.9	841.6x	68.8x	50.4x	309%	
SHOP US	Shopify Inc - A	1,539.03	192,297	65.6x	41.6x	31.2x	45%	769.5x	235.1x	241.9x	NA	651.2x	370.2x	239.4x	65%	
NOW US	Servicenow Inc	650.85	128,933	28.5x	22.1x	17.6x	27%	822.7x	112.3x	90.2x	3.7	91.0x	71.1x	56.1x	27%	
TTD US	Trade Desk Inc-A	79.51	38,060	45.5x	32.6x	25.3x	34%	160.8x	129.3x	108.6x	5.7	327.9x	75.0x	61.0x	132%	
ZEN US	Zendesk Inc	123.90	14,870	14.4x	11.3x	9.0x	26%	NA	183.0x	119.2x	2.2	391.0x	115.8x	80.8x	596%	
<b>Mean:</b>				<b>31.4x</b>	<b>22.5x</b>	<b>18.1x</b>	<b>29%</b>	<b>304.2x</b>	<b>118.8x</b>	<b>104.3x</b>	<b>3.1</b>	<b>661.6x</b>	<b>107.7x</b>	<b>78.9x</b>	<b>155%</b>	
<b>Median:</b>				<b>31.0x</b>	<b>21.8x</b>	<b>17.9x</b>	<b>27%</b>	<b>117.5x</b>	<b>103.6x</b>	<b>86.4x</b>	<b>3.0</b>	<b>92.5x</b>	<b>69.1x</b>	<b>57.1x</b>	<b>59%</b>	
<b>Total Mean</b>				<b>22.3x</b>	<b>16.6x</b>	<b>345.8x</b>	<b>26%</b>	<b>192.0x</b>	<b>95.1x</b>	<b>81.2x</b>	<b>2.8</b>	<b>388.0x</b>	<b>91.6x</b>	<b>70.0x</b>	<b>102%</b>	
<b>Total Median</b>				<b>15.8x</b>	<b>13.8x</b>	<b>11.5x</b>	<b>27%</b>	<b>100.7x</b>	<b>84.6x</b>	<b>76.7x</b>	<b>2.2</b>	<b>91.0x</b>	<b>67.1x</b>	<b>56.1x</b>	<b>27%</b>	

Source: Bloomberg, share prices as of 1 September 2021

\*Note: Oracle's FY21 ended 31 May 2021; Microsoft's FY21 ended 30 June 2021; Adobe's FY20 ended 27 November 2020; Salesforce, Workday, Veeva FY21 ended 31 January 2021

---

## IMPORTANT DISCLOSURES

---

### AMTD Investment Ratings

#### Stock Rating

<b>Buy</b>	Stock with potential return of over 20% over the next 12 months
<b>Hold</b>	Stock with potential return of -20% to +20% over the next 12 months
<b>Sell</b>	Stock with potential loss of over 20% over the next 12 months

---

### Analyst Certification

I, Brian Li, hereby certify that (i) all of the views expressed in this research report reflect accurately my personal views about the subject company or companies and its or their securities; and (ii) no part of my compensation was, am or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report, nor is it tied to any specific investment banking transactions performed by AMTD Global Markets Limited.

---

### AMTD Global Markets Limited

**Address:** 23/F - 25/F, Nexxus Building, No. 41 Connaught Road Central, Central, Hong Kong

**Tel:** (852) 3163-3288 **Fax:** (852) 3163-3289

---

## GENERAL DISCLOSURES

---

The research report is prepared by AMTD Global Markets Limited ("AMTD") and is distributed to its selected clients.

This research report provides general information only and is not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal. It does not (i) constitute a personal advice or recommendation, including but not limited to accounting, legal or tax advice, or investment recommendations; or (ii) take into account any specific clients' particular needs, investment objectives and financial situation. AMTD does not act as an adviser and it accepts no fiduciary responsibility or liability for any financial or other consequences. This research report should not be taken in substitution for judgment to be exercised by clients. Clients should consider if any information, advice or recommendation in this research report is suitable for their particular circumstances and seek legal or professional advice, if appropriate.

This research report is based on information from sources that we considered reliable. We do not warrant its completeness or accuracy except with respect to any disclosures relative to AMTD and/or its affiliates. The value or price of investments referred to in this research report and the return from them may fluctuate. Past performance is not reliable indicator to future performance. Future returns are not guaranteed and a loss of original capital may occur.

The facts, estimates, opinions, forecasts and any other information contained in the research report are as of the date hereof and are subject to change without prior notification. AMTD has no obligation to update, modify or amend any part of this research report or to otherwise notify a recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. AMTD, its group companies, or any of its or their directors or employees ("AMTD Group") do not represent or warrant, expressly or impliedly, that the information contained in the research report is correct, accurate or complete and it should not be relied upon. AMTD Group will accept no responsibilities or liabilities whatsoever for any use of or reliance upon the research report and its contents.

This research report may contain information from third parties, such as credit ratings from credit ratings agencies. The reproduction and redistribution of the third party content in any form by any means is forbidden except with prior written consent from the relevant third party. Third party content providers do not guarantee the timeliness, completeness, accuracy or availability of any information. They are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability of fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes, and should not be relied on as investment advice.

To the extent allowed by relevant and applicable law and/or regulation: (i) AMTD, and/or its directors and employees may deal as principal or agent, or buy or sell, or have long or short positions in, the securities or other instruments based thereon, of issuers or securities mentioned herein; (ii) AMTD may take part or make investment in financing transactions with, or provide other services to or solicit business from issuer(s) of the securities mentioned in the research report; (iii) AMTD may make a market in the securities in respect of the issuer mentioned in the research report; (iv) AMTD may have served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this research report or may be providing, or have provided within the previous 12 months, other investment banking services, or investment services in relation to the investment concerned or a related investment.

AMTD controls information flow and manages conflicts of interest through its compliance policies and procedures (such as, Chinese Wall maintenance and staff dealing monitoring).

**The research report is strictly confidential to the recipient. No part of this research report may be reproduced or redistributed in any form by any means to any other person without the prior written consent of AMTD Global Markets Limited.**