



Alibaba Group

If not now, when? If not me, who?

By Sneha Muthe, Ananya Gulati, and Nikitha Movva



Company Introduction

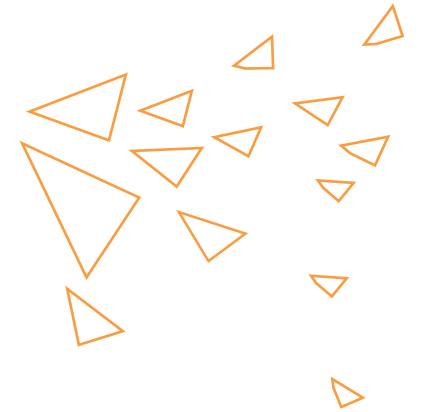
Alibaba is a Chinese multinational company technology company that specializes in e-commerce, retail, Internet and technology.

Alibaba Group's Mission

Their mission is to make it easy to do business anywhere. They want to enable businesses to transform the way they market, sell and operate and improve their efficiencies.

Thesis

Covid-19 has ushered in the need for e-commerce and Alibaba is vital more than ever. If Alibaba maintains a successful partnership with Sun Art and beats quarter 3 earnings predictions, they have the potential to truly gain the most.



Stock Recommendation: Buy



Current Stock Price

\$226.93

- Slowly stabilizing after a decline in December
- At a low point for the stock
- Last time it was at this point was June, 24, 2020- it went up to \$300, indicating about a \$60 increase per share



Target Stock Price

\$296.07

- Predictions from Nasdaq and Wall Street Zen
- Highest stock price prediction: \$375.01
- Lowest stock price prediction: \$215.95
- Average stock price: \$295.84

Alibaba Group compared to Competitors

Ticker: BABA

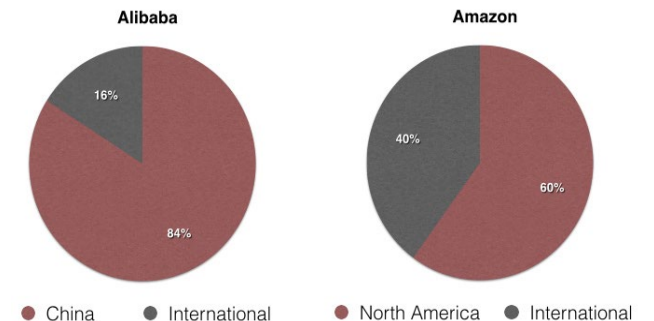
- Trades on the New York Stock Exchange
- Primary market share in China
- Net Income: \$19.82 billion (USD)
- IPO Price: \$68 per share
- Current stock price: \$226.93 per share
- "China's solution to Amazon"
 - Midst of buyers and sellers
 - Charges sellers fees to boost ranking
 - Advertising Revenue

Ticker: AMZN

- Trades on the Nasdaq
- Primary market share in the U.S.
- Net Income: \$11.59 billion (USD)
- IPO Price: \$18 per share
- Current stock price: \$3,091.86 per share
- Dominate American E-Commerce
 - New and Used Goods
 - Takes a cut of the sale
 - Subscription Based Model

Ticker: JD

- Trades on the Nasdaq
- Tighter controls on delivery
 - Next gen delivery solutions
- First party logistics network
- Net Income: \$11.9 Billion USD
- IPO Price: \$9.11 per share
- Current Stock Price: \$85.76



Three Catalysts



Covid-19

Increased the necessity
for e-commerce



Bought Sun Art Retail Group

Should increase
revenue and sales



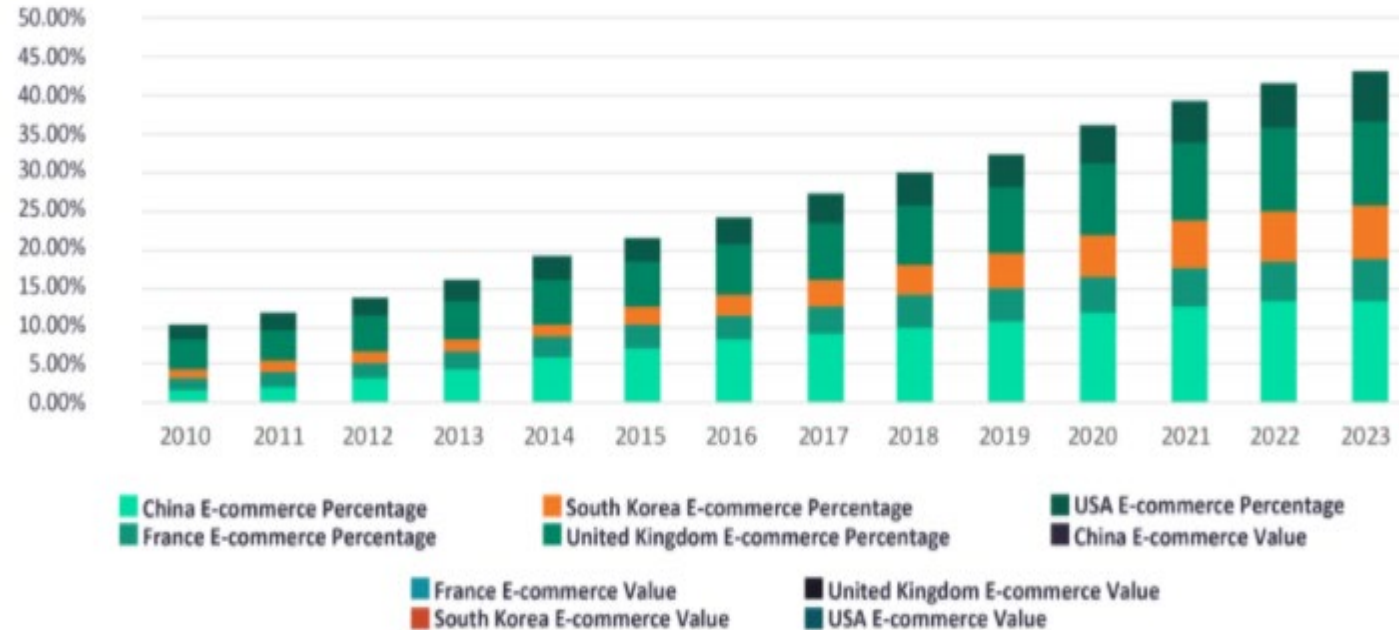
High expected Q3 earnings

Expected earnings
surprise

COVID-19's Effect on E-Commerce



E-commerce spending forecast as a percentage of GDP forecast

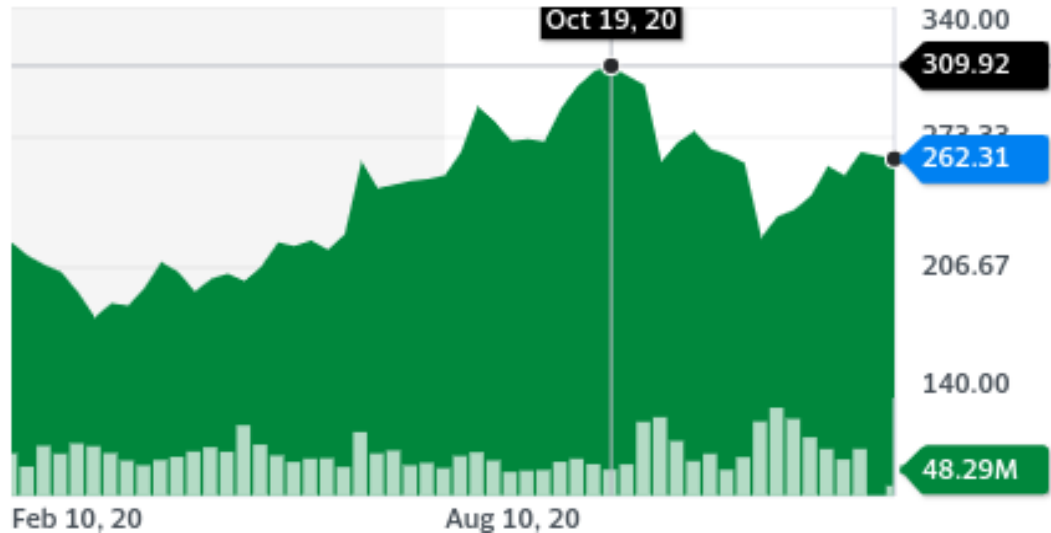


Acquisition of Sun Art will Increase Stock Price

Apple aquired Whole Foods:



Alibaba aquired Sun Art:



Growth Strategy & Valuation

- Follow Customer Habits
 - Behavior Data
 - Customization
 - Feedback and Guaranteed Returns – Reduces Risk of Programs and Technology
- Cloud Computing and Artificial Intelligence
- Seller-Buyer Communication
 - Accessibility

- Expansion in Jobs
- China Wholesale to Cross-Border Retail
 - Establishes connection through website

- Heavily relies on outside parties – funds
- Minimizes expenses
 - Product marketing and traffic
 - Maintenance and sales

Thank You
Questions?

ALIBABA GROUP HOLDING LIMITED (BABA)

Executive Summary by Sneha Muthe, Ananya Gulati, and Nikitha Movva

Company Background:

Alibaba is a multinational technology company. It was founded in Hangzhou, China on April 4th, 1999 by Jack Ma and since then it has grown to a massive company that has generated over 509 billion dollars in revenue. Alibaba specializes in the fields of e-commerce, retail selling, Internet and technology. Alibaba Group Holding Limited has also recently involved itself in the cloud-computing business. Cloud-computing is the concept behind on-demand availability of computer services. More specifically it relates to data storage and computing power without the need for an active user. Jack Ma originally founded Alibaba with a group of 17 students for the purpose of improving the domestic e-commerce market of China and to create an e-commerce platform for smaller-medium sized companies (SME) in China. The original purpose of Alibaba was also to help export products from China to the global market. Jack Ma believed that the internet could be used to level the playing field by allowing small businesses to reach a bigger audience and receive greater exposure in the domestic and global markets. In three years time Alibaba became profitable.

Historical Performance:

Soon after the company was founded, Alibaba was able to raise over 25 million through a partnership with Goldman Sachs. After the launch of Taobao, Aliwangwang, and Alipay, an online market platform, connection tool, and payment method respectively, Alibaba made its way up the ladder with its resources(TheStreet). Soon, it became a worldwide center of e-commerce, giving companies like Amazon competition. As the Chinese government put more emphasis on internal web markets, Alibaba's leading market gave way to profit and a place on the New York Stock Exchange. With the increase in dependence on technology, Alibaba has only continued to grow in its stock prices and reputation in the market. Its initial public trade offering was at 68 US Dollars per share. As of 2016, its trade price was at 92.55 USDollars. Now, the stock price is at 226.93 dollars. This growth eventually led to Amazon admitting its defeat against Alibaba . Throughout COVID-19, although there was looming tension between the United States and China, Alibaba still found a way to continue making profit by offering everyday items that were accessible over the internet (WSJ). Its persistence through the pandemic didn't result in an obstacle to its expansion in the market industry.

Business Description Model:

Alibaba generates most of its revenue through commissions charged on transactions and by charging sellers for having their storefront on the platform. 69% of Alibaba's revenue comes from domestic commerce retail. 5% of Alibaba Group Holding's revenue comes from international e-commerce retail sales. Another significant 7% of Alibaba's revenue is generated through their cloud-computing services. The current market cap is estimated at \$618.62 billion (Yahoo Finance!). Currently much of Alibaba's sales are generated through their domestic commerce retail and this number is likely to continue to grow due to their acquisition of Sun Art Retail Group. Alibaba's acquisition of Sun Art Retail Group increases their physical presence in smaller urban areas by 76% which is a large

amount. This acquisition and the lifting of Covid-19 regulations should be a stimulus for future increased revenue. As of January of this year, Alibaba acquired Delicious Without Waiting a table reservation service. This was done in an effort to expand into food tech as well which is an interesting approach and entails the idea that Alibaba is looking to expand past its current offerings, products and services (Tracxn)

Management & Culture:

Jack Ma, the Founder and Executive Chairman of Alibaba Group, currently owns the largest individual portion of The Ant Group, a subsidiary of Alibaba. Though Ma has stepped down as Chairman and CEO of the Alibaba Group in 2019, he still remains one of the biggest faces of the company (Forbes). Daniel Zhang, current Chairman and CEO, Joe Tsai, Executive Vice Chairman, Maggie, Director and Chief Financial Officer, and J. Michael Evans, Director and President, and four major executives in the current Senior Management at Alibaba. Many of the Board of directors are relatively new to the position, but they have many years of expertise both in their fields and with the Alibaba Group prior to their nomination and appointment. Alibaba's culture and values are the foundation of its workspace: "Customers first, Employees second, Shareholders third". Alibaba's team realizes that shareholders will only benefit by sustaining values and customer satisfaction (Alibaba Group).

Investment Philosophy:

Our investment is fueled by analyzing fundamentals and then participating in growth investing based on the research conducted. Growth investing is based on Prior to recommending that investors buy the Alibaba stock we analyzed a few of their key fundamentals. After this analysis we determined that Alibaba is showing strong indication of future growth. According to Mosaic Wealth Consulting the best indicators of a growth investment are share price and the earnings growth rate. Growth stocks typically have a grow rate above 25%. Analysts predict that for the year of 2021, Alibaba's earnings growth rate will be closer to 29% and its sales are expected to grow by 47% (Investor's Business Daily). Likewise, if a company's growth rate is higher than the p/e ratio this is a good indicator of a growth investment. As of March 16th, 2021, Alibaba's p/e ratio is 25.49% which is lower than the predicted growth rate, another great indicator that this a growth investment and that our investment philosophy should result in high returns.

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