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PDD Holdings Inc | Asia Pacific

Research Tactical Idea

We believe the share price will rise in absolute terms over the next 15 days.

The State Administration for Market Regulation (SAMR) imposed penalties on seven E-commerce platforms in "Ghost Takeaway" cases involving PDD, Meituan, JD, Ele.me, Douyin, Taobao, and Tmall, within which PDD was fined Rmb1.5bn for its failure to adequately verify the licenses and qualifications of food merchants operating on its platform, as well as its failure to fully discharge food safety management responsibilities. Investors have been waiting for the regulation penalty outcome for PDD since end 2025, and we think the market will view this penalty as a regulation overhang removal for PDD; in that sense, this news could be seen as incrementally positive for PDD and its share price in the near term.

We estimate that there is about an 80%+ (or "highly likely") probability for the scenario.

Estimated probabilities are illustrative and assigned subjectively based on our assessment of the likelihood of the scenario.

MORGAN STANLEY ASIA LIMITED+

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**PDD Holdings Inc (PDD.O, PDD US)**

China Internet and Other Services | China

<b>Stock Rating</b>	<b>Overweight</b>
<b>Industry View</b>	<b>Attractive</b>
Price target	US\$148.00
Shr price, close (Apr 16, 2026)	US\$103.71
52-Week Range	US\$139.41-91.53
Sh out, dil, curr (mn)	1,270
Mkt cap, curr (mn)	Rmb898,497.4
EV, curr (mn)	Rmb374,120.9
Avg daily trading value (mn)	US\$913

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## Valuation Methodology and Risks

### **PDD Holdings Inc (PDD.O)**

Base case, derived from our DCF model. Key assumptions include a WACC of 14%, in line with the average within our Chinese Internet coverage, and a terminal growth rate of 3%, also in line with those companies.

#### **Risks to Upside**

- User growth is faster than expected, energized by an upcoming consumption downgrade.
- Temu growth is faster than expected, with better-than-expected unit economics.
- Less intense competition leads to lower opex.

#### **Risks to Downside**

- Intensified competition weighs on margin improvement.
- User engagement level drops when subsidy levels normalize.
- Slower-than-expected ramp-up and overseas regulation on Temu.

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(as of March 31, 2026)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1534	42%	461	50%	30%	698	43%
Equal-weight/Hold	1573	43%	372	40%	24%	716	44%
Not-Rated/Hold	4	0%	1	0%	25%	1	0%
Underweight/Sell	568	15%	89	10%	16%	209	13%
Total	3,679		923			1624	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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## Stock Price, Price Target and Rating History (See Rating Definitions)

PDD Holdings Inc (PDD.O) - As of 04/17/26 GMT in USD  
Industry : China Internet and Other Services



Stock Rating History: 4/1/21 : 0/A; 9/20/21 : 0/I; 7/12/22 : E/I; 3/2/23 : 0/I; 2/24/25 : 0/A

Price Target History: 11/13/20 : 150; 8/20/21 : 130; 3/21/22 : 58; 6/17/22 : 70; 8/30/22 : 75; 10/28/22 : 65; 11/29/22 : 77; 3/2/23 : 113; 8/22/23 : 110; 8/30/23 : 120; 10/24/23 : 140; 11/29/23 : 170; 12/1/23 : 181; 5/23/24 : 220; 8/27/24 : 150; 5/28/25 : 130; 8/26/25 : 148

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —

Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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## INDUSTRY COVERAGE: China Internet and Other Services

COMPANY (TICKER)	RATING (AS OF)	PRICE* (04/16/2026)
<b>Eddy Wang, CFA</b>		
Autohome Inc (ATHM.N)	E (02/09/2023)	US\$18.70
Full Truck Alliance Co. Ltd (YMM.N)	O (07/05/2023)	US\$8.81
JD.com, Inc. (JD.O)	U (11/10/2025)	US\$31.33
Kanzhun Ltd (BZ.O)	O (08/04/2021)	US\$14.35
KE Holdings Inc (BEKE.N)	O (03/16/2022)	US\$16.16
PDD Holdings Inc (PDD.O)	O (03/02/2023)	US\$103.71
Vipshop Holdings Ltd (VIPS.N)	E (02/24/2022)	US\$15.30
<b>Gary Yu</b>		
Alibaba Group Holding (BABA.N)	O (02/24/2025)	US\$138.59
Baidu Inc (BIDU.O)	E (05/17/2024)	US\$125.03
Meituan (3690.HK)	O (08/29/2024)	HK\$86.50
Tencent Holdings Ltd. (0700.HK)	O (03/19/2020)	HK\$510.50
<b>Rebecca Xu</b>		
HUYA Inc (HUYA.N)	E (05/16/2024)	US\$3.20
IQIYI Inc (IQ.O)	E (01/19/2023)	US\$1.40
JOYY Inc. (JOYY.O)	E (06/02/2022)	US\$62.96
Weibo Corp (WB.O)	U (05/17/2024)	US\$9.27
<b>Yang Liu</b>		
Bilibili Inc (BILI.O)	O (04/13/2026)	US\$25.25
Kuaishou Technology (1024.HK)	E (07/04/2024)	HK\$46.46
NetEase, Inc (NTES.O)	O (01/08/2025)	US\$118.38
Tongcheng Travel Holdings (0780.HK)	O (01/04/2019)	HK\$18.88
Trip.com Group Ltd (TCOM.O)	O (05/17/2021)	US\$54.69

Stock Ratings are subject to change. Please see latest research for each company.

\* Historical prices are not split adjusted.

