Medlive Technology Co (2192 HK)

1H26: Softer Top-line Growth On Compliance Reset; Core Earnings Remain Resilient

Highlights

- Medlive's 1H26 revenue grew 1.0% yoy, missing our and consensus 2026 estimates, as tighter compliance rules delayed project execution. 1H26 adjusted net profit increased 2.4% yoy, while core adjusted net profit (excluding interest income) rose 19.7% yoy.
- Management still guides for double-digit growth in product count in 2026, supported by platform scale and AI upgrades. We cut 2026 revenue and adjusted net profit growth estimates to 2.1% and 4.2% yoy.
- Maintain BUY and cut target price to HK$10.20, based on 15.7x 2027F PE.

1H26 Results

Year to 31 Dec (Rmbm)	1H25	1H26	YoY%
Revenue	312	315	1.0
Precision marketing and corporate solutions	292	295	1.1
Medical knowledge solutions	9	9	0.1
Intelligent patient management solutions	10	11	0.4
Gross profit	184	194	5.5
Selling expenses	(18)	(20)	13.4
G&A expenses	(52)	(50)	(4.7)
R&D expenses	(41)	(32)	(22.4)
Operating profit (EBIT)	77	97	25.9
Finance income (cost), net	94	84	(10.9)
Net profits attributed to shareholders	155	162	4.0
Adjusted Net Profit	167	171	2.4
Core adjusted net profit (excluding interest income)	73	87	19.7
Ratios (%)	1H25	1H26	ppts
GP margin	59.0	61.6	2.6
Selling expenses	5.7	6.4	0.7
G&A expenses	16.8	15.9	(0.9)
R&D expenses	13.2	10.1	(3.1)
EBIT Margin	24.7	30.8	6.1
Net profit margin	49.8	51.3	1.5
Adj. Net Margin	53.4	54.2	0.7

Source: Medlive, UOB Kay Hian

Analysis

- **1H26 results missed.** Medlive Technology Co's (Medlive) 1H26 revenue grew 1.0% yoy to Rmb315.2m, below our and consensus estimated 15.4% and 16.4% yoy respectively for 2026. Adjusted net profit increased 2.4% yoy to Rmb170.8m in 1H26, missing our estimated 14.1% yoy for 2026 while meeting consensus estimated 4.5% yoy. Core adjusted net profit (excluding interest income) grew 19.7% yoy in 1H26. It declared an interim dividend of Rmb0.1309/share, representing a payout ratio of around 60%.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	558	642	656	751	885
EBITDA	153	205	227	274	341
Operating profit	137	184	210	256	320
Net profit (rep./act.)	315	334	350	404	478
Net profit (adj.)	308	329	356	410	484
EPS (Fen)	41.9	44.6	48.4	55.6	65.7
PE (x)	15.7	14.7	13.6	11.8	10.0
P/B (x)	1.0	1.0	1.0	0.9	0.9
EV/EBITDA (x)	19.8	14.8	13.4	11.1	8.9
Dividend yield (%)	3.9	4.0	4.2	4.8	5.7
Net margin (%)	56.4	52.1	53.4	53.8	54.0
Net debt/(cash) to equity (%)	(3.2)	(4.5)	(36.3)	(39.0)	(41.8)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	6.7	6.9	7.1	7.9	8.9
Consensus net profit	-	-	357	385	443
UOBKH/Consensus (x)	-	-	1.00	1.07	1.09

Source: Medlive, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK$7.65
Target Price	HK$10.20
Upside	33.3%
Previous TP	HK$11.00

Stock Data

Sector	Health Care
Bloomberg ticker	2192 HK
Shares issued (m)	740
Market cap (HK$m)	5,663
Market cap (US$m)	722
3-mth avg daily t'over (US$m)	1.3

Price Performance (%)

52-week high/low HK$15.06/HK$6.31

1mth	3mth	6mth	1yr	YTD
(1.9)	3.0	(14.9)	(45.7)	(21.1)

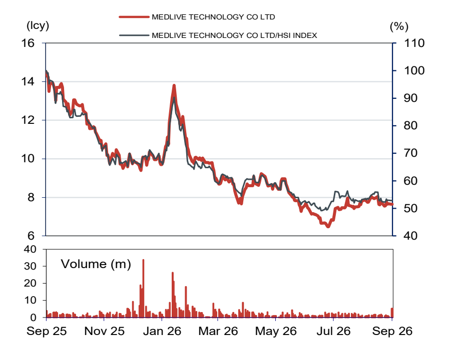
Major Shareholders (%)

Tiantian	36.14
M3, Inc	36.14

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	6.85
FY26 Net Cash/Share (Rmb)	2.49

Price Chart



Source: Bloomberg

Company Description

Medlive is a leading online professional physician platform in China.

- **Revenue softened at 1.0% yoy on the compliance reset.** Revenue from precision marketing and corporate solutions (93.7% of 1H26 revenue) rose 1.1% yoy to Rmb295.5m, even as customer and product count grew 13.6% and 14.4% yoy to 217 and 509, respectively. Management attributes the gap to weaker revenue per product, as medical insurance cost control slowed budget release and physicians stepped back from academic events after the 1 May kickback ruling and the 1 August medical representative rules. Revenue from medical knowledge solutions and intelligent patient management solutions grew 0.1% and 0.4% in 1H26, respectively.
- **Core adjusted net profit growth remained resilient at 19.7% yoy.** Gross margin improved 2.6ppt to 61.6% in 1H26, as AI tools lifted labour efficiency. Selling, general and administrative (SG&A) expense/revenue ratio narrowed 0.2ppt yoy to 22.3%, while R&D expense/revenue ratio narrowed 3.1ppt yoy to 10.1%. Operating margin and adjusted net margin rose 6.1ppt and 0.7ppt to 30.8% and 54.2%, respectively, despite a 10.9% yoy decline in interest income on US rate cuts and a weaker US dollar. Core adjusted net profit (excluding interest income) grew 19.7% yoy, with margin expanding 4.3ppt yoy to 27.6%.
- **Guiding double-digit product count growth for 2026.** Management continues to guide for a double-digit yoy growth in healthcare product count in 2026, with 14.4% delivered in 1H26. It expects project execution delays to persist through 3Q26 with some 4Q26 uncertainty, and roughly six months before physician activity normalises. Client engagement has picked up since Jun 26 with the pharma budget planning season, and Medlive is adding sales headcount in 2H26 to widen domestic coverage. It sees a Rmb17b addressable market, and will keep providing shareholders with long-term and stable dividend returns.
- **MedSeeker adoption accelerated without paid promotion.** Management flagged over 1m net new AI users in 1H26, more than double the prior-year period and achieved with no paid marketing. MedSeeker users skew senior, with 61.5% holding mid-level titles or above and 65.3% practising at Class III hospitals. Leading use cases are treatment selection, diagnosis, treatment adjustment and guideline and drug queries. The platform carries over 7m registered physicians (including over 4m licensed physicians), 37,000 clinical guidelines and over 50,000 Chinese drug instructions. Its monthly active users (MAU) exceeded 3m in 2Q26.

Valuation/Recommendation

- **Maintain BUY with a lower target price of HK$10.20,** based on 15.7x 2027F PE (1x PEG), reflecting weaker 2026 growth outlook amid the compliance reset.

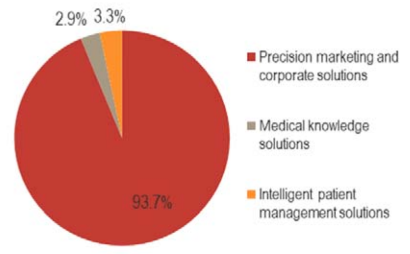
Earnings Revision/Risk

- We lower our 2026 revenue and adjusted net profit growth estimates from 15.4% and 14.1% yoy to 2.1% and 4.2% yoy respectively, based on the persistent execution risks in 2026 amid the compliance reset.
- **Risks:** a) Policy changes in online medical education and pharma promotion; b) intensifying competition from established platforms and AI startups; c) execution risks amid pharma budget moderation; and d) risks of data privacy/partnership disruptions.

Share Price Catalyst

- Possibly stronger-than-expected revenue and earnings growth in 2026-27 from product coverage ramp-up; b) successful AI adoption to boost platform user stickiness and operational efficiency; and c) high cash returns with potential net cash deployment for strategic M&A.

Segmental Revenue (1H26)



Source: Medlive, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	642	656	751	885
EBITDA	205	227	274	341
Deprec. & amort.	21	17	19	20
EBIT	184	210	256	320
Total other non-operating income	(1)	-	-	-
Associate contributions	-	-	-	-
Net interest income/(expense)	177	167	178	190
Pre-tax profit	360	377	433	510
Tax	(12)	(13)	(15)	(18)
Minorities	(14)	(14)	(15)	(15)
Net profit	334	350	404	478
Net profit (adj.)	329	356	410	484

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	18	17	14	11
Other LT assets	1,148	2,095	2,093	2,090
Cash/ST investment	220	1,824	2,036	2,288
Other current assets	3,771	1,356	1,373	1,396
Total assets	5,157	5,292	5,516	5,786
ST debt	-	-	-	-
Other current liabilities	209	182	187	195
LT debt	-	-	-	-
Other LT liabilities	21	10	10	10
Shareholders' equity	4,864	5,022	5,226	5,474
Minority interest	64	77	92	107
Total liabilities & equity	5,157	5,292	5,516	5,786

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	135	338	419	489
Pre-tax profit	360	377	433	510
Tax	(12)	(13)	(15)	(18)
Deprec. & amort.	21	11	12	12
Associates	-	-	-	-
Working capital changes	(37)	59	(12)	(17)
Non-cash items	-	-	-	-
Other operating cashflows	(197)	(96)	1	1
Investing	221	1,459	(6)	(6)
Capex (growth)	(13)	(6)	(6)	(6)
Investments	(1,201)	(881)	-	-
Proceeds from sale of assets	-	-	-	-
Others	1,435	2,346	-	-
Financing	(201)	(192)	(200)	(231)
Dividend payments	(191)	(192)	(200)	(230)
Proceeds from borrowings	-	-	-	-
Loan repayment	-	-	-	-
Others/interest paid	(10)	(1)	(1)	(1)
Net cash inflow (outflow)	154	1,605	212	252
Beginning cash & cash equivalent	154	220	1,824	2,036
Changes due to forex impact	(88)	-	-	-
Ending cash & cash equivalent	220	1,824	2,036	2,288

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
Gross margin	60.0	60.5	61.0	61.5
Pre-tax margin	56.1	57.5	57.7	57.7
Net margin	52.1	53.4	53.8	54.0
ROA	6.5	6.7	7.5	8.5
ROE	6.9	7.1	7.9	8.9
Growth				
Turnover	15.0	2.1	14.5	17.9
Gross profit	17.8	2.9	15.4	18.9
Pre-tax profit	5.8	4.6	15.0	17.8
Net profit	6.1	4.8	15.2	18.4
Net profit (adj.)	6.5	8.5	15.0	18.1
EPS	6.5	8.5	15.0	18.1
Leverage				
Debt to total capital	-	-	-	-
Debt to equity	-	-	-	-
Net debt/(cash) to equity	(4.5)	(36.3)	(39.0)	(41.8)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.