Mobvista Inc (1860 HK)

A Fast-growing Global AI-driven Adtech Platform

Highlights

- Mobvista is a fast-growing AI-driven ad-tech platform connecting advertisers with publishers. It registered a 28% revenue four-year CAGR in 2021-25 as third-party platforms gained shares from top-tier media and advertising platforms.
- The launch of its new AI infrastructure in Oct 26 should significantly improve its model capabilities, with initial tests suggesting close to 100-fold overall efficiency improvement.
- The board approved a new share repurchase plan of up to HK$300m open-market repurchases (up to 10% of its outstanding shares), backed by its strong net cash position of US$178m as of end-Jun 26. Mobvista is trading at 22.7x 2026F PE and 13.4x 2027F PE, based on Bloomberg consensus.

Analysis

- **Mintegral: A fast-growing AI-driven ad-tech platform.** Mintegral connects advertisers with publishers, both primarily gaming app developers in the mid-to-long-tail market. Since 2023, it has expanded smart bidding from shallow events (such as installs) to deep events based on post-install user behaviour). In 1H26, smart-bidding solutions accounted for over 90% of Mintegral's revenue.
- **Third-party platforms gaining market share from Google and Meta.** Over the past five years, gaming advertisers have shifted budgets away from major media and advertising platforms because: a) Apple's privacy policy (IDFA) changes restricted user-level cross-app tracking in 2021; b) advertisers began sharing first-party data and evaluating campaigns by return on ad spend, rather than installs; and c) ad auctions shifted from historical effective cost per mille rankings towards dynamic, value-based bidding. As such, competition became more performance-driven, enabling gaming-focused third-party platforms such as AppLovin, Unity and Mintegral to gain market shares on model capabilities.

Key Financials

Year to 31 Dec (US$m)	2021	2022	2023	2024	2025
Net turnover	755	894	1,054	1,508	2,047
EBITDA	17	64	102	110	176
Operating Profit	(12)	2	30	38	103
Net Profit	(25)	15	22	16	62
Net Profit (adj.)	(4)	10	19	49	95
EPS (US cents)	(1.59)	0.97	1.42	1.04	4.03
P/E (x)	n.a.	131.5	89.8	122.7	31.7
P/BV (x)	6.3	8.3	7.7	9.3	6.9
EV/EBITDA (x)	23.2	28.7	19.7	17.9	11.2
Dividend yield (%)	-	-	-	-	-
Net margin (%)	(3.3)	1.1	1.8	0.9	3.0
Net debt to equity (%)	(20.3)	(9.3)	(9.3)	(20.2)	(4.2)
Interest cover (x)	n.m.	0.4	4.1	5.1	24.4
ROE (%)	(7.4)	6.4	8.7	7.3	21.3

Source: Mobvista, UOB Kay Hian

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NOT RATED

Share Price	HK$10.70
Target Price	n.a.
Upside	n.a.

Stock Data

Sector	Communication Services
Bloomberg ticker	1860 HK
Shares issued (m)	1,703
Market cap (Rmbm)	18,220
Market cap (US$m)	2,369
3-mth avg daily t'over (US$m)	21.2

Price Performance (%)

52-week high/low: HK$21.62/HK$9.52

1mth	3mth	6mth	1yr	YTD
(6.1)	(23.5)	(36.6)	(35.7)	(30.0)

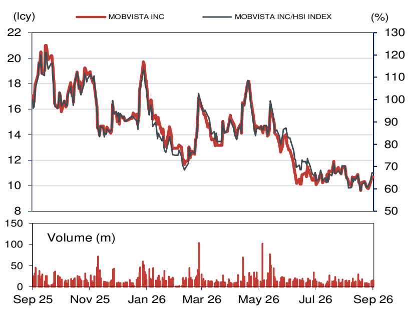
Major Shareholders (%)

Seamless Technology Ltd	19.88

Balance Sheet Metrics

FY26 NAV/Share (US$)	0.17
FY26 Net Cash/Share (US$)	(0.06)

Price Chart



Source: Bloomberg

Company Description

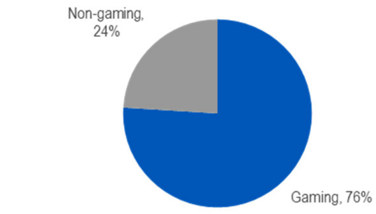
Mobvista Inc. is a global advertising and marketing technology company. Its core platform, Mintegral, is an AI-driven programmatic advertising platform that connects advertisers to mobile users at scale.

- **Launching its new AI infrastructure in Oct 26.** Compared with the current CPU-based platform, the new platform uses GPUs for training and inference, supports 2-3x the current business volume, and runs more advanced models as it incorporates more complex features (such as time-series data). Initial tests indicate nearly a 100-fold improvement in overall efficiency, with better A/B-test results. Management sees the upgrade as critical to raising future take rate and driving the next step-up in revenue and profit, while narrowing the model-capability gap with peers such as AppLovin. The transition is costly due to higher GPU spending and parallel operation of both the old and new platforms. Management expects the R&D expense ratio to return to its normalised level of approximately 9% in 2H27 and the compute-cost ratio to trend back towards about 5% over the medium to long term.
- **Riding the shift towards hybrid monetisation.** Management sees a shift towards hybrid monetisation, in which hyper-casual and casual games are adding in-app-purchase (IAP) because of ad fatigue, product homogenisation and limits to advertising revenue, while IAP games are adding in-app advertising (IAA) to monetise their much larger non-paying user bases. In 1H26, IAP revenue from hybrid-casual games grew 23% yoy, outperforming the global mobile game IAP revenue that registered a flattish growth to a 1-2% decline. The company expects its upgraded model capabilities to strengthen its competitiveness in the midcore and hardcore games, where user high-lifetime value (LTV) and higher average revenue per paying user (ARPPU) are higher.
- **E-commerce is a potential long-term growth driver.** While Mobvista remains focused on gaming, it sees e-commerce as the most promising non-gaming vertical, which has an estimated addressable market of 3-5x that of gaming and similar user profiles to its casual and hybrid-game audiences. However, payments, delivery, returns, product mismatches and attribution make the conversion chain and model training more complex. Management believes AppLovin has helped validate the opportunity with robust growth in recent quarters (up 28% in 2Q26 from traditional peak in 4Q25), although Mintegral remains in the small-scale testing and observation stage.
- **Returning capital to shareholders through share buyback.** On 17 Jul 26, the board approved a new share repurchase plan to spend up to HK$300m on open-market repurchases of up to 10% of outstanding shares (or 162.2m shares). Since Aug 26, Mobvista has repurchased approximately 7m shares, or 0.4% of shares outstanding. The company maintained ample net cash of US$178m with no bank borrowings.

Valuation/Recommendation

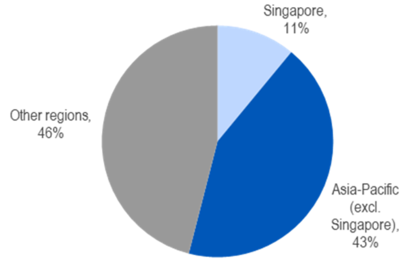
- **Mobvista is trading at 22.7x 2026F PE and 13.4x 2027F PE,** based on Bloomberg consensus.

Revenue by Category (1H26)



Source: Mobvista, UOB Kay Hian

Revenue by Region (1H26)



Source: Mobvista, UOB Kay Hian

Profit & Loss

Year to 31 Dec (US$m)	2022	2023	2024	2025
Net turnover	**894**	**1,054**	**1,508**	**2,047**
EBITDA	64	102	110	176
Deprec. & amort.	(62)	(73)	(72)	(73)
EBIT	**2**	**30**	**38**	**103**
Total other non-operating income	14	2	(13)	(19)
Net interest income/(expense)	(5)	(7)	(7)	(4)
Pre-tax profit	**11**	**25**	**17**	**79**
Tax	(1)	(6)	(4)	(17)
Minorities	5	3	2	-
Net profit	**15**	**22**	**16**	**62**
Net profit (adj.)	10	19	49	95

Balance Sheet

Year to 31 Dec (US$m)	2022	2023	2024	2025
Fixed assets	12	15	11	11
Other LT assets	275	276	300	311
Cash/ST investment	142	191	194	186
Other current assets	174	210	310	376
Total assets	**602**	**692**	**815**	**884**
ST debt	51	54	123	111
Other current liabilities	261	303	458	466
LT debt	37	74	5	6
Other LT liabilities	6	2	6	4
Shareholders' equity	235	250	215	289
Minority interest	13	9	7	7
Total liabilities & equity	**602**	**692**	**815**	**884**

Cash Flow

Year to 31 Dec (US$m)	2022	2023	2024	2025
Operating	**98**	**108**	**285**	**214**
Pre-tax profit	11	25	17	79
Tax	(1)	1	(1)	(12)
Deprec. & amort.	62	73	72	73
Working capital changes	66	(2)	146	32
Other operating cashflows	(40)	12	50	42
Investing	**(100)**	**(75)**	**(81)**	**(85)**
Capex (growth)	(80)	(78)	(65)	(54)
Others	(19)	2	(16)	(30)
Financing	**(54)**	**5**	**(186)**	**(181)**
Dividend payments	-	-	-	-
Issue of shares	-	-	-	-
Proceeds from borrowings	220	61	90	32
Loan repayment	(240)	(33)	(209)	(208)
Others/interest paid	(34)	(22)	(66)	(5)
Net cash inflow (outflow)	**(56)**	**38**	**18**	**(51)**
Beginning cash & cash equivalent	**160**	**104**	**142**	**160**
Changes due to forex impact	(1)	-	-	-
Ending cash & cash equivalent	**104**	**142**	**160**	**109**

Key Metric

Year to 31 Dec (%)	2022	2023	2024	2025
Profitability				
Gross margin	19.8	20.6	21.0	21.2
Pre-tax margin	1.2	2.3	1.2	3.9
Net margin	1.1	1.8	0.9	3.0
ROA	1.7	2.7	1.7	7.0
ROE	6.4	8.7	7.3	21.3
Growth				
Turnover	18.4	17.9	43.0	35.7
EBITDA	282.2	60.5	7.6	59.6
Pre-tax profit	n.m.	120.1	(28.7)	351.8
Net profit	n.m.	82.4	(25.7)	346.2
Net profit (adj.)	n.m.	97.1	158.1	93.5
EPS	n.m.	46.4	(26.8)	287.5
Leverage				
Debt to total capital	26.1	33.0	36.5	28.3
Debt to equity	35.3	49.3	57.6	39.4
Net debt/(cash) to equity	(9.3)	(9.3)	(20.2)	(4.2)
Interest cover	0.4	4.1	5.1	24.4