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# Zacks Small-Cap Research

*Sponsored – Impartial - Comprehensive*

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## Uxin Limited-ADR (UXIN-NASDAQ)

**UPDATE: On October 28th, the company enacted a 1-for-10 reverse stock split on its ADSs. We also lower our valuation target based on higher global interest rates and potential economic slowdown.**

Utilizing a DCF valuation process containing conservative estimates combined with other valuation methodologies, we believe UXIN could be worth over $15.00 per share.

| | |
|---|---|
| Current Price (11/21/22) | $2.67 |
| **Valuation** | **$15.65** |

### OUTLOOK

Uxin Limited operates as an omni-channel used car retailer across the country of China. The company is expected to take market share as the Chinese used car sales market is large, inefficient, and extremely fragmented. The country is behind other developed countries in terms of the number of used cars in operation. The company is able to sell used vehicles through both online and in-person channels. The company is led by an experienced management team and has raised adequate capital to fund operations through the next four quarters. We believe the company is poised for an extended period of rapid and profitable growth.

### SUMMARY DATA

| | |
|---|---|
| **52-Week High** | **$23.70** |
| **52-Week Low** | **$2.42** |
| **One-Year Return (%)** | **-88.40** |
| **Beta** | **0.77** |
| **Average Daily Volume (sh)** | **116,005** |
| **Shares Outstanding (mil)** | **119,304** |
| **Market Capitalization ($mil)** | **$120.2** |
| **Short Interest Ratio (days)** | **N/A** |
| **Institutional Ownership (%)** | **79** |
| **Insider Ownership (%)** | **63** |
| **Annual Cash Dividend** | **$0.00** |
| **Dividend Yield (%)** | **0.00** |
| **5-Yr. Historical Growth Rates** | |
| **Sales (%)** | **N/A** |
| **Earnings Per Share (%)** | **N/A** |
| **Dividend (%)** | **N/A** |
| **P/E using TTM EPS** | **N/A** |
| **P/E using 2023 Estimate** | **N/A** |
| **P/E using 2024 Estimate** | **N/A** |
| **Zacks Rank** | **N/A** |

| | |
|---|---|
| **Risk Level** | **High** |
| **Type of Stock** | **Small-Growth** |
| **Industry** | **Automotive Sales** |

### ZACKS ESTIMATES

**Revenue**
(in millions of $)

| | Q1 (Jun) | Q2 (Sep) | Q3 (Dec) | Q4 (Mar) | Year (Mar) |
|---|---|---|---|---|---|
| 2022 | 43.0 A | 54.7 A | 79.5 A | 79.8 A | 258.1 A |
| 2023 | 93.5 A | 83.3 E | 96.0 E | 114.2 E | 395.8 E |
| 2024 | | | | | 549.4 E |
| 2025 | | | | | 740.8 E |

**EPS / Loss Per Share**

| | Q1 (Jun) | Q2 (Sep) | Q3 (Dec) | Q4 (Mar) | Year (Mar) |
|---|---|---|---|---|---|
| 2022 | -$0.01 A | -$0.01 A | -$0.01 A | -$0.01 A | -$0.04 A |
| 2023 | -$0.12 A | -$0.09 E | -$0.07 E | -$0.07 E | -$0.35 E |
| 2024 | -$0.07 E | -$0.06 E | $0.02 E | -$0.04 E | -$0.15 E |
| 2025 | | | | | $0.03 E |

Quarterly revenues may not equal annual revenues due to rounding.
Quarterly EPS may not equal annual EPS due to rounding, dilution, or intangibles.

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## WHAT'S NEW




Source: Uxin Investor Presentation

On October 12th, 2022, the company announced an effective 1-10 reverse stock split for the company's ADSs which took place on October 28th, 2022. Our original valuation target is therefore adjusted to $21.50 per share.

However, we are also lowering our valuation target to $15.65 to account for higher prevailing global interest rates and the increasing chances of a global economic slowdown in 2023.

Our quarterly and annual earnings estimates are also adjusted to account for the reverse stock split.

## SUMMARY

We believe Uxin is on the threshold of rapid profitable growth over the next 3-5 years and potentially beyond that as the used car market continues to develop and expand over time in China. As the world's most populous country, the evolution of China's expansion in the world's largest used car market represents enormous opportunities for Uxin.

The company now has much stronger control and management over the entire value chain with the improved ability to provide high-quality used car products and premium services. The company's omni-channel model which includes online and in-person purchases of used vehicles gives them a competitive advantage over smaller competitors. Uxin's proprietary advanced technology platform that provides inspection, reconditioning, pricing and logistics also gives them a leg up on competitors and improves the customer experience. In addition, the company is led by a seasoned management team with multiple areas of expertise.

We believe Uxin stock is worth **$15.65** based on a discounted cash flow (DCF) calculation using conservative growth estimates.

## HISTORICAL STOCK PRICE



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