

Knight Investment Limited –Alibaba Due to Report Earnings on Thursday

Alibaba Group Holding Ltd. dominates online shopping in China, but the company has bigger plans in mind.

HONG KONG, HONG KONG, HONG KONG, August 21, 2018 /EINPresswire.com/ -- The Chinese e-commerce giant is investing aggressively as it tries to profit from more aspects of the retail experience, including food delivery and physical stores. These are part of Alibaba's "new retail" initiatives, which are meant to merge online and offline commerce.



"We think Alibaba is years ahead of any competitor in driving digital commerce forward," [Knight Investment](#) senior advisor James Warner, who rates the stock a buy with a \$250 target price, wrote earlier this summer. "Of greater consequence is Alibaba's foray into digitizing offline commerce (new retail), which we think is even further ahead and has potential to multiply Alibaba's addressable market."

[Alibaba's investments](#) have weighed on recent results, and the question is whether investors will show patience going forward as the company plays the long game. The company is due to report results Thursday before the market opens, and management will likely provide some commentary on investment spending and progress.

If last quarter's results and subsequent stock performance are any indication, Wall Street seems willing to settle for less on the profit front in the near term if it means bigger opportunities a few years out.

"We remain comfortable with the lower long-term margin profile as it will allow the company to generate a higher level of absolute profit over the long term and should lead to increased efficiencies across Alibaba's entire ecosystem," Warner commented.

When the earnings report hits, look for information about Alibaba's recently announced partnership with Starbucks Inc. that is meant to bolster its Hema supermarkets as well as the consolidation of Ele.me, a food-delivery startup that the company recently acquired. Consolidation ended up happening later than analysts were expecting.

Tariff concerns have pressured Alibaba shares in recent months, and analysts will likely use Alibaba's earnings call to ask executives about the impact of trade tensions' impact on the company's performance and overall e-commerce spending in China.

"Despite the Chinese government's efforts to boost lending over the past month, it appears U.S. tariffs are having a larger impact on the retail landscape than we had previously anticipated," Warner said. He's upbeat about Alibaba over the long term but warns of "near-term volatility as

trade-related headwinds and negative sentiment persist.”

Alibaba’s cloud business is another important issue for investors and analysts, and the company has made some recent moves in this space. Autonomic Partners, a company owned by Ford Motor Co. , recently announced a partnership with Alibaba Cloud that centers on connected cars. Executives might be pressed to discuss this further during Alibaba’s earnings call.

Knight Investment believes Alibaba is still the best value top level Chinese stock available on the US markets. To find out why and more about Knight Investment Limited and the opportunities it sees in the markets, contact us at info@knight-investment.com or visit our website www.knight-investment.com to find out more about their services and products available.

Jason Fong
Knight Investment Limited
+85258086209
[email us here](#)

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