

Twitter Thread by Jernej Bergoc



Jernej Bergoc

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There seems to be a lot of short-term pain coming \$BABA's way: lower consumption due to the lock-downs, another wave of regulation in the fintech sphere, cloud as a matter of national security and an increased focus on state-owned cloud providers.

[@MadConX](#) Decreased growth and margins have likely led to multiple contraction. Furthermore, in a developing market like China, stocks tend to be highly volatile. Then there's the "China image" problem in the eyes of a western investor.

[@MadConX](#) But *despite* all these headwinds, \$BABA has been increasing its free cash flow, has been quickly adapting to the changing regulatory environment and - my favorite - has a spawner's mentality.

[@MadConX](#) Short-term trends look bad and some threats will stay long-term (CCP, the image, competition). The environment has been and will be challenging.

Yet \$BABA is adapting and compounding. This says a lot about the culture they have and it makes me really confident about the future.