

Overall Winner Best Short-Term Investing Solution

Meituan-Dianping
Beijing, China

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A unicorn's path to achieve world-class treasury

The challenge

Given the pace at which Meituan-Dianping was growing, the unicorn* had a major challenge to accurately forecast its cash flow beyond three months. It did not have a robust cash management structure in place, nor did it have an effective global cash investment strategy. The situation was compounded when the company received a US\$4bn round of private equity funding in November 2017. As Qiang Guo, Finance Director recalls, "We needed to maintain sufficient liquidity at all times for strategic acquisitions."

The solution

The company's chosen bank set about providing the following:

- Analysed the cash investment strategy and treasury portfolio of Meituan-Dianping's global peers (anonymously) as a benchmark, assessing the gaps.
- Deepened the treasury team's understanding on how to institute a cash investment policy, including cash segmentation (separating cash into operating and reserve segments) and the full spectrum of short-term investment tools.
- Established a global multi-currency cash investment platform to manage the proceeds from a giant offshore USD funding round, as well as to facilitate onshore RMB spending and daily operations.

Meituan-Dianping believed J.P. Morgan Global Liquidity would strive to achieve principal safety and be flexible in accommodating large cash investment flows. Its treasury team found the comprehensive global cash investment solution it was seeking and invested a significant portion of the latest funding in J.P. Morgan Global Liquidity's USD strategy. It is also setting up an account to manage its RMB cash through solutions distributed by J.P. Morgan Global Liquidity.

In April 2018 Meituan-Dianping acquired Mobike, one of China's two biggest bike-sharing companies. Because the deal's closing date was uncertain, Meituan-Dianping initiated the extremely large redemption request to J.P. Morgan Global Liquidity very shortly before the acquisition. It received the payment on time as promised, and successfully completed the acquisition.

(* a private start-up valued at over US\$1bn)

Best practice and innovation

The Meituan-Dianping treasury team reviewed its investment requirements (security, liquidity and yield) and segmented its cash based on liquidity needs. The team moved beyond its existing solutions and investment horizon, and widened its choices from time deposits and certificates of deposits to money market funds (for operating cash) and a managed reserves strategy (for reserve cash). The team also switched to manage cash domestically in China and abroad through a single platform.

Maggie Ji, Head of Treasury comments, "We gained a much better understanding in best practices, and lifted our awareness of the diversity and responsiveness possible in international corporate treasury solutions. As a result, a diverse range of liquidity solutions grew out of the investment policy we instituted — one that meets international standards and includes a robust credit and risk management process."

Key benefits

- Same day liquidity and seamless redemption.
- Reduced counterparty risk by outsourcing asset and credit management.
- Benchmarking to ensure competitiveness and best practice.
- Real-time cash visibility, accompanied by professional, bi-lingual and round-the-clock client service.
- Competitive yields but not at the expense of liquidity and security.

The strategy described represents an example of a Chinese unicorn partnering with an experienced global asset manager, delivering a comprehensive liquidity investment solution to meet strategic business needs and dynamic market conditions.

"With these changes we can now effectively manage our short-term multi-currency investments through (what will likely be multiple) transactional and operational cash cycles. Having evolved into a world-class treasury department, we can bolster the corporate's ability to meet ambitious goals," concludes Guo.



Meituan-Dianping is China's largest one-stop online platform for goods and services on-demand, from dining to mobility. With its massive user base, it completed 5.8bn transactions in 2017. Since its formation in the 2015 merger of Meituan and Dianping, its range of services has ballooned, as has its valuation (to the world's third biggest "unicorn" before raising US\$4.2bn through an initial public offering in Hong Kong in September 2018).