SIGNALCORE RESEARCH

Atour (ATAT): 11.0x EV/EBITDA and 13.3x EV/FCF Pricing Moderating Growth Against 30.6% ROIC

ATAT | Atour Lifestyle Holdings Limited | Consumer Cyclical | Travel Lodging | FY 2025 | 2026-06-15T12:12:05.689Z

> *At 11.0x EV/EBITDA and 13.3x EV/FCF, the current price reflects an assumption that revenue growth of 35.1% and EPS growth of 23.4% will normalize further, yet ROIC of 30.6% and net debt/EBITDA of -0.86 indicate capital-efficient, asset-light scaling that may be more durable than implied.*

SIGNALCORE VIEW	SIGNAL SCORE	FUNDAMENTAL QUALITY	EXPANSION POTENTIAL	THESIS RISK
Interesting research candidate Value / Quality Candidate	**67 / 100**	**75 / 100**	**67 / 100** Derived from growth, expectations and execution evidence	**0 / 100**

PRIMARY DEBATE — The debate centers on whether growth deceleration from a 5Y average revenue growth of 47.8% to a latest 35.1% and from 5Y EPS growth of 169.4% to 23.4% signals structural normalization or simply a transition to a more sustainable phase. Evidence of ROIC at 30.6% and free cash flow to firm of $2.2B supports the interpretation that the asset-light franchise model remains cash generative, implying that the key issue is pace of growth rather than business viability.

INVESTMENT NARRATIVE

Archetype	**GARP quality compounder in a macro-challenged sector**
Company Type	**China asset-light hotel operator/franchisor (manachised model)**
Key Monitoring Metric	**Net new hotels opened per quarter (pipeline-to-openings conversion rate)**

Core Tension: Can Atour sustain high-ROIC, multi-year unit growth and earnings compounding while China macro/sector headwinds and slowing cash conversion temper expectations?

Market Assumption: Growth will normalize from the extraordinary 5Y pace but remain solid; asset-light economics and a net-cash balance sheet reduce risk, justifying mid-teens EV/FCF and ~11x EV/EBITDA multiples without a premium valuation reassessment.

Trajectory: Scaling profitably from a large pipeline with high returns and net cash, but transitioning from hypergrowth to more moderate growth with softer FCF conversion versus revenue/EPS.

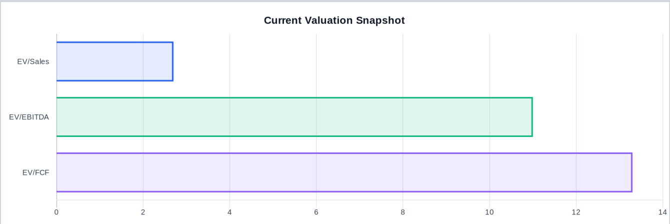
Mispricing Hypothesis: The market over-discounts China macro/sector risk and underwrites further deceleration, keeping multiples muted. If Atour converts its sizable pipeline into openings while maintaining high ROIC and improving FCF conversion, earnings durability will be validated and the stock can re-rate from current mid-teens EV/FCF and ~11x EV/EBITDA.

EVIDENCE MAP

SUPPORTING EVIDENCE	CONTRADICTING EVIDENCE
supported by supplied metrics latest revenue growth: 35.1% (5Y: 47.8%).	Growth deceleration vs 5Y: latest revenue 35.1% vs 47.8%; latest EPS 23.4% vs 5Y 169.4%.
supported profitability: ROE 51.6%, ROIC 30.6%.	FCF growth (11.1%) lags revenue and EPS growth, implying challengeder cash conversion.
Net cash: Net debt/EBITDA -0.86.	Revenue beat rate (62.5%) less supported by supplied metrics than EPS beat rate, hinting at reliance on margin/mix/efficiency for beats.
Healthy FCF yield: 6.95%; EV/FCF ~13.3; EV/EBITDA ~11.0; earnings yield ~5.9%.	Valuation is reasonable but not distressed (EV/EBITDA ~11; EV/FCF ~13), leaving less cushion if growth slows further.
High EPS growth: latest 23.4% (5Y: 169.4%).	
Execution track record: EPS beat rate 87.5%, revenue beat rate 62.5%.	
Large, visible pipeline: 299 hotels (32,825 rooms) vs 608 open (71,121 rooms).	
Asset-light scaling via 575 manachised hotels (66,267 rooms).	
Coverage themes tied to macro/sector and AI/technology, suggesting operational efficiency narratives amid macro scrutiny.	

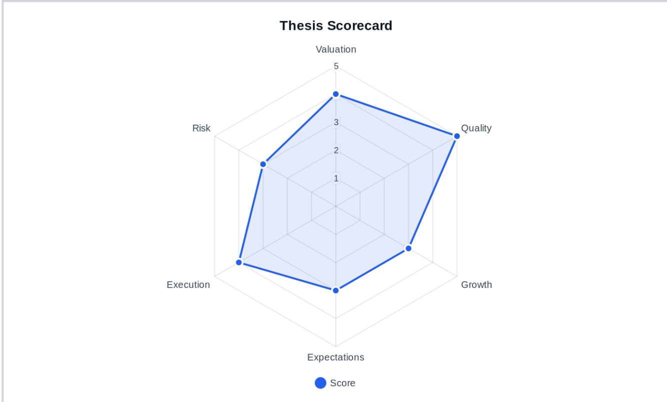
SCORECARD

VALUATION	QUALITY	GROWTH	EXPECTATIONS	EXECUTION	RISK	OVERALL
4	5	3	3	4	3	4
SUPPORTED	SUPPORTED	MIXED	MIXED	SUPPORTED	MODERATE	SUPPORTED



CURRENT VALUATION SNAPSHOT

Current multiples are shown separately from historical fiscal-year trend metrics.



THESIS SCORECARD RADAR

Evidence scores summarise valuation, quality, growth, expectations, execution, and risk.

KEY METRICS

CURRENT EV/EBITDA	CURRENT EV/FCF	FCF YIELD	ROIC	REVENUE GROWTH	EPS GROWTH	FCF GROWTH	EPS BEAT RATE
11.0x	**13.3x**	**7.0%**	**30.6%**	**35.1%**	**23.4%**	**11.1%**	**87.5%**

EXECUTIVE SUMMARY

Core Tension	Can Atour sustain high-ROIC, multi-year unit growth and earnings compounding while China macro/sector headwinds and slowing cash conversion temper expectations?
Market Assumption	Growth will normalize from the extraordinary 5Y pace but remain solid; asset-light economics and a net-cash balance sheet reduce risk, justifying mid-teens EV/FCF and ~11x EV/EBITDA multiples without a premium valuation reassessment.
Current Pricing	At a price of $33.83 and market cap of $4.7B with enterprise value of $29.3B, valuation at 11.0x EV/EBITDA and 13.3x EV/FCF implies continued profitability but no premium for re-acceleration.
Valuation	Current EV/Sales of 2.7x, EV/EBITDA of 11.0x, and EV/FCF of 13.3x are paired with ROIC of 30.6% and free cash flow yield of 6.9%, indicating that the multiple is not aligned with a distressed return profile.
Quality	ROE of 51.6% and ROIC of 30.6% indicate high capital efficiency in an asset-light franchise model where 575 of 608 hotels are manachised.
Growth	Latest revenue growth of 35.1% is below the 3Y average of 65.5% and 5Y average of 47.8%, and EPS growth of 23.4% is below the 3Y average of 227.1% and 5Y average of 169.4%, confirming deceleration.
Cash Flow	Latest operating cash flow growth of 12.3% and free cash flow growth of 11.1% are both positive, indicating conversion is intact, but both are below 3Y average free cash flow growth of 231.1% and 5Y average of 1611.0%, showing normalization.
Execution	Over 8 quarters, EPS beat rate of 87.5% and average EPS surprise of 10.2% exceed revenue beat rate of 62.5% and average revenue surprise of -0.2%, indicating execution has been supporteder at the earnings line than revenue.
Primary Monitor	Can ROIC remain above 30.6% as the pipeline of 299 hotels converts into operating units?

THESIS DRIVERS

SUPPORTING DRIVERS

1	EPS Beat Rate	**87.5%**
2	ROIC	**30.6%**
3	Revenue Growth	**35.1%**
4	EPS Growth	**23.4%**
5	FCF Growth	**11.1%**
6	FCF Yield	**7.0%**

CONSTRAINTS / MONITORS

1	EPS Dispersion	**35.4%**

COMPANY & BUSINESS MODEL

Atour Lifestyle Holdings Limited, operating through its subsidiaries, manages a substantial hotel chain across China. The company distinguishes itself by offering a range of themed hotels, including concepts like music, basketball, and literary hotels, designed to cater to diverse interests and lifestyles across various age demographics. As of March 31, 2021, its extensive hotel footprint covered 131 cities within China, comprising 608 hotels with a combined total of 71,121 rooms. This figure includes 575 manachised hotels, contributing 66,267 rooms, alongside an impressive development pipeline of 299 new hotels, which will add 32,825 rooms. Additionally, Atour provides comprehensive hotel management services to its franchisees, overseeing day-to-day operations, and sells a variety of hotel supplies and other related products. The company was founded in 2012 and maintains its headquarters in Shanghai, China.

INVESTMENT THESIS

Atour operates an asset-light, manachised hotel model with 575 manachised hotels out of 608 total and a development pipeline of 299 hotels, positioning it for unit-led scaling. The core tension is whether revenue growth of 35.1% and EPS growth of 23.4% can persist in a macro-challenged Travel Lodging sector while free cash flow growth of 11.1% lags earnings expansion. Current valuation at 11.0x EV/EBITDA and 13.3x EV/FCF, alongside a 6.9% free cash flow yield and 5.9% earnings yield, suggests the market assumes normalization from the 5Y revenue growth average of 47.8% and 5Y EPS growth average of 169.4%. However, ROIC of 30.6%, ROE of 51.6%, net debt/EBITDA of -0.86, and a current ratio of 2.2 indicate capital efficiency and balance-sheet resilience that support continued compounding if pipeline conversion translates into sustained earnings growth.

INVESTABLE DEBATE

The debate centers on whether growth deceleration from a 5Y average revenue growth of 47.8% to a latest 35.1% and from 5Y EPS growth of 169.4% to 23.4% signals structural normalization or simply a transition to a more sustainable phase. Evidence of ROIC at 30.6% and free cash flow to firm of $2.2B supports the interpretation that the asset-light franchise model remains cash generative, implying that the key issue is pace of growth rather than business viability.

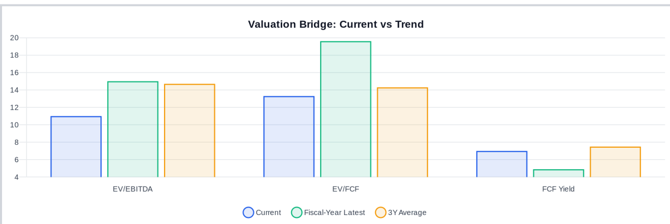
MARKET EXPECTATIONS

At a price of $33.83 and market cap of $4.7B with enterprise value of $29.3B, valuation at 11.0x EV/EBITDA and 13.3x EV/FCF implies continued profitability but no premium for re-acceleration. Compared to fiscal-year latest EV/EBITDA of 15.0x and a 3Y average of 14.7x, the current 11.0x multiple reflects compression despite ROIC of 30.6% exceeding the 3Y average of 21.4%, implying the market is pricing slower growth rather than deterioration in returns.

CURRENT VALUATION VS HISTORICAL TREND

METRIC	CURRENT	FISCAL-YEAR LATEST	3Y AVG	5Y AVG
EV/EBITDA	11.0x	15.0x	14.7x	27.1x
EV/FCF	13.3x	19.6x	14.3x	27.6x
FCF Yield	7.0%	4.9%	7.5%	5.5%

Current EV/EBITDA is 11.0x, while fiscal-year trend data shows latest EV/EBITDA of 15.0x versus a 3Y average of 14.7x. Current EV/FCF is 13.3x, while fiscal-year trend data shows latest EV/FCF of 19.6x versus a 3Y average of 14.3x.



VALUATION BRIDGE: CURRENT VS HISTORICAL TREND

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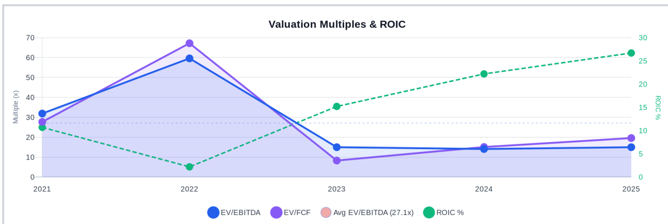


VALUATION MULTIPLES & ROIC OVERLAY

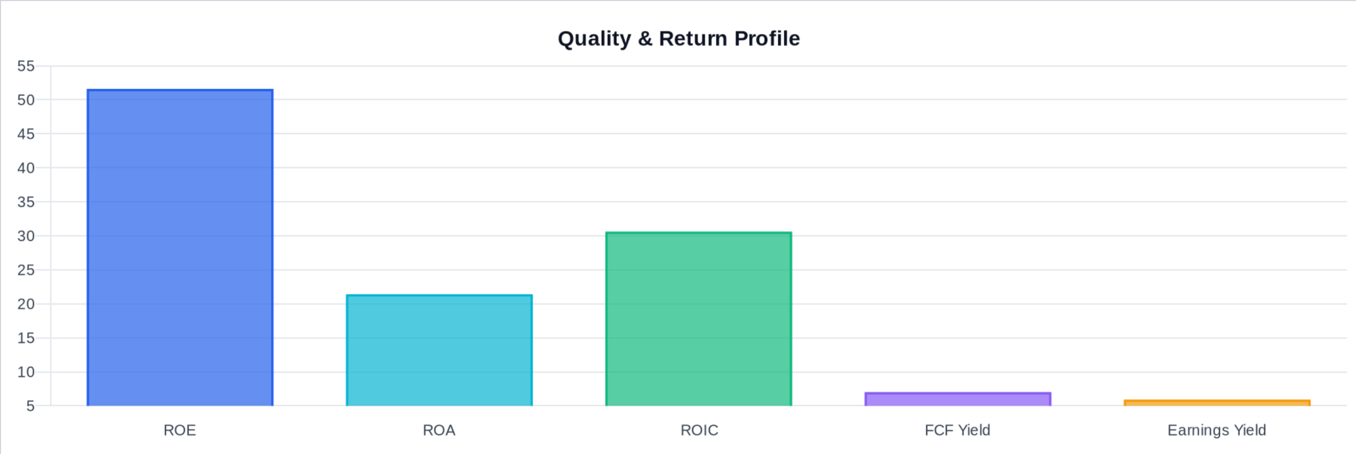
Current EV/Sales of 2.7x, EV/EBITDA of 11.0x, and EV/FCF of 13.3x are paired with ROIC of 30.6% and free cash flow yield of 6.9%, indicating that the multiple is not aligned with a distressed return profile.

VALUATION ANALYSIS

Current EV/Sales of 2.7x, EV/EBITDA of 11.0x, and EV/FCF of 13.3x are paired with ROIC of 30.6% and free cash flow yield of 6.9%, indicating that the multiple is not aligned with a distressed return profile. Historically, latest EV/FCF was 19.6x versus a 3Y average of 14.3x, while latest FCF yield was 4.9% versus a 3Y average of 7.5%, suggesting prior valuation was higher despite lower yield. The present 6.9% FCF yield relative to a 5Y average of 5.5% indicates the current multiple embeds moderation rather than expansion.

QUALITY & CAPITAL EFFICIENCY

ROE of 51.6% and ROIC of 30.6% indicate high capital efficiency in an asset-light franchise model where 575 of 608 hotels are manachised. Net debt/EBITDA of -0.86 and working capital of $3.8B demonstrate balance-sheet capacity, while income quality of 1.24 suggests earnings are supported by cash flow. Together, these metrics support classification as a Compounder rather than a Turnaround or Cyclical Recovery.



QUALITY & RETURN PROFILE

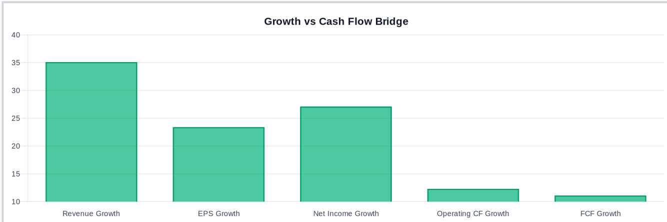
ROE of 51.6% and ROIC of 30.6% indicate high capital efficiency in an asset-light franchise model where 575 of 608 hotels are manachised.

GROWTH TRAJECTORY

Latest revenue growth of 35.1% is below the 3Y average of 65.5% and 5Y average of 47.8%, and EPS growth of 23.4% is below the 3Y average of 227.1% and 5Y average of 169.4%, confirming deceleration. However, growth remains positive across revenue, operating income at 42.2%, and net income at 27.1%, implying transition from hypergrowth to moderated expansion rather than contraction.

HISTORICAL GROWTH TRENDS

Latest revenue growth of 35.1% is below the 3Y average of 65.5% and 5Y average of 47.8%, and EPS growth of 23.4% is below the 3Y average of 227.1% and 5Y average of 169.4%, confirming deceleration.



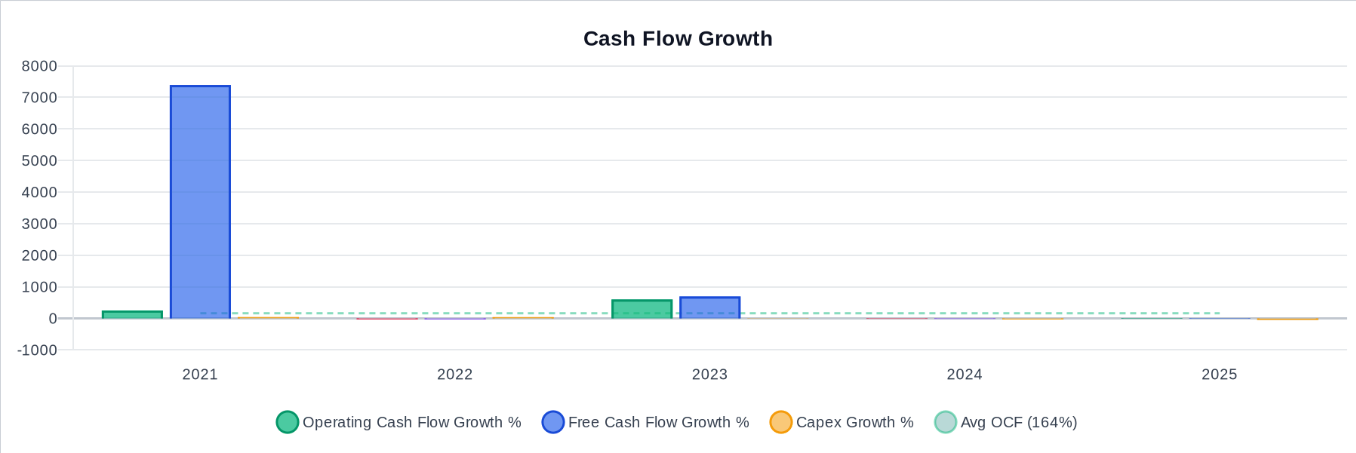
GROWTH VS CASH FLOW BRIDGE

Latest revenue growth of 35.1% is below the 3Y average of 65.5% and 5Y average of 47.8%, and EPS growth of 23.4% is below the 3Y average of 227.1% and 5Y average of 169.4%, confirming deceleration.

CASH FLOW GROWTH & CONVERSION

Latest operating cash flow growth of 12.3% and free cash flow growth of 11.1% are both positive, indicating conversion is intact, but both are below 3Y average free cash flow growth of 231.1% and 5Y average of 1611.0%, showing normalization. Net income growth of 23.6% exceeding free cash flow growth of 11.1% indicates earnings are expanding faster than cash generation.

Capex growth of -48.4% alongside operating cash flow growth of 12.3% supports free cash flow growth of 11.1%, indicating capex is not absorbing incremental cash. Capex to revenue of 0.9% matches the 3Y average of 0.9%, consistent with an asset-light structure, but FCF yield of 6.9% versus a 3Y average of 7.5% shows cash returns are below recent peak levels.



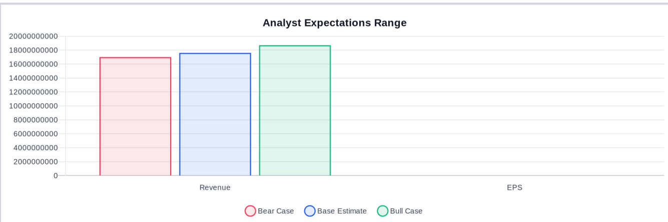
CASH FLOW GROWTH — OCF, FCF & CAPEX

Latest operating cash flow growth of 12.3% and free cash flow growth of 11.1% are both positive, indicating conversion is intact, but both are below 3Y average free cash flow growth of 231.1% and 5Y average of 1611.0%, showing normalization.

ANALYST EXPECTATIONS

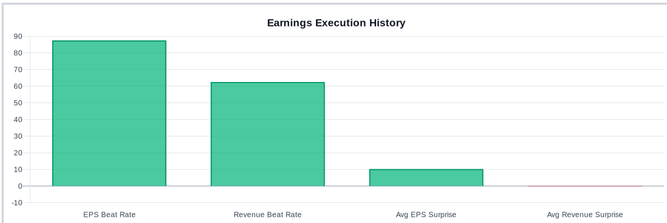
Next Revenue Estimate	**$17.6B**
Revenue Bull Case	**$18.7B**
Revenue Bear Case	**$17.0B**
Next EPS Estimate	**21.56**
EPS Bull Case	**25.63**
EPS Bear Case	**17.99**
Revenue Dispersion	**9.77%**
EPS Dispersion	**35.42%**
Revenue Coverage	**12**
EPS Coverage	**7**

Next revenue estimate of $17.6B with revenue dispersion of 9.8% across 12 analysts suggests relatively tight top-line expectations, while EPS dispersion of 35.4% across 7 analysts indicates wider uncertainty at the earnings line. Given deceleration to 23.4% EPS growth from a 5Y average of 169.4%, expectations appear Reasonable rather than Demanding, but estimate dispersion indicates elevated forecast risk.



ANALYST EXPECTATIONS RANGE

Next revenue estimate of $17.6B with revenue dispersion of 9.8% across 12 analysts suggests relatively tight top-line expectations, while EPS dispersion of 35.4% across 7 analysts indicates wider uncertainty at the earnings line.



EXECUTION HISTORY

Over 8 quarters, EPS beat rate of 87.5% and average EPS surprise of 10.2% exceed revenue beat rate of 62.5% and average revenue surprise of -0.2%, indicating execution has been supporteder at the earnings line than revenue.

EXECUTION QUALITY

Quarters Analysed	**8**
EPS Beat Rate	**87.5%**
Revenue Beat Rate	**62.5%**
Avg EPS Surprise	**10.2%**
Avg Revenue Surprise	**-0.2%**
EPS Beats / Misses	**7 / 1**
Revenue Beats / Misses	**5 / 3**

Over 8 quarters, EPS beat rate of 87.5% and average EPS surprise of 10.2% exceed revenue beat rate of 62.5% and average revenue surprise of -0.2%, indicating execution has been supporteder at the earnings line than revenue. The most recent quarter showed EPS of 0.48 versus 0.37 estimated, a 29.7% surprise, supporting earnings delivery credibility.

Given an EPS beat rate of 87.5% across 8 quarters and positive operating cash flow growth of 12.3%, historical execution supports the credibility of the $21.56 next EPS estimate. However, EPS dispersion of 35.4% implies analysts differ on forward margins, limiting precision of forecasts.

BULL / BASE / BEAR SCENARIOS

BULL CASE	BASE CASE	BEAR CASE
If revenue approaches the bull case of $18.7B and EPS reaches $25.63 while ROIC remains at 30.6% or above, and the multiple holds at 13.3x EV/FCF, then earnings durability would be consistent with sustained asset-light compounding.	If revenue aligns with the next estimate of $17.6B and EPS approximates $21.56 while EV/EBITDA remains near 11.0x, then growth normalization with high returns would justify stable valuation.	If revenue trends toward the bear case of $17.0B and EPS declines toward $17.99 while free cash flow growth falls below 11.1%, then the 13.3x EV/FCF multiple would be exposed to further compression.
Revenue Bull Case $18.7B · **EPS Bull Case 25.63** · **ROIC 30.6%**	**Next Revenue Estimate $17.6B** · **Next EPS Estimate 21.56** · **EV/EBITDA 11.0x**	**Revenue Bear Case $17.0B** · **EPS Bear Case 17.99** · **FCF Growth 11.1%**

SCENARIO PROBABILITY MATRIX

BULL SCENARIO	BASE SCENARIO	BEAR SCENARIO	WEIGHTED THESIS SCORE
37%	**50%**	**13%**	**70 / 100**

12–24 MONTH CONDITIONAL OUTLOOK

Revenue growth of 35.1% versus a 5Y average of 47.8% suggests moderation but continued expansion if pipeline of 299 hotels converts into openings.

EPS growth of 23.4% alongside ROIC of 30.6% indicates earnings leverage remains positive, though below the 3Y average of 227.1%.

At 13.3x EV/FCF with a 6.9% FCF yield versus a 5Y average of 5.5%, valuation reflects normalized growth rather than expansion.

EPS beat rate of 87.5% over 8 quarters supports near-term estimate credibility, though revenue beat rate of 62.5% suggests monitoring top-line delivery.

If ROIC remains above the 3Y average of 21.4% and FCF yield stays near 6.9%, the narrative would center on durable asset-light returns despite revenue deceleration to 35.1%.

THESIS MONITOR

TRACK QUARTERLY	THESIS CHANGES IF	THESIS WEAKENS IF
Can ROIC remain above 30.6% as the pipeline of 299 hotels converts into operating units?	If ROIC rises above 30.6% while EV/EBITDA remains at 11.0x, then the valuation case would be supported by higher capital efficiency.	If ROIC falls below the 3Y average of 21.4%, then the compounder classification would challengeden.
Will free cash flow growth exceed net income growth of 23.6% to restore alignment with earnings expansion?	If free cash flow growth accelerates above 11.1% and exceeds net income growth of 23.6%, then cash conversion durability would improve.	If free cash flow growth falls below 0.0% from 11.1%, then cash generation would no longer support a 13.3x EV/FCF multiple.
Does EV/FCF of 13.3x appropriately reflect a 6.9% FCF yield relative to the 3Y average yield of 7.5%?	If revenue growth re-accelerates above the 5Y average of 47.8%, then growth normalization concerns would diminish.	If EPS growth falls below 0.0% from 23.4%, then the growth narrative embedded in 11.0x EV/EBITDA would be challenged.

RISK & THESIS MONITOR

Can ROIC remain above 30.6% as the pipeline of 299 hotels converts into operating units?

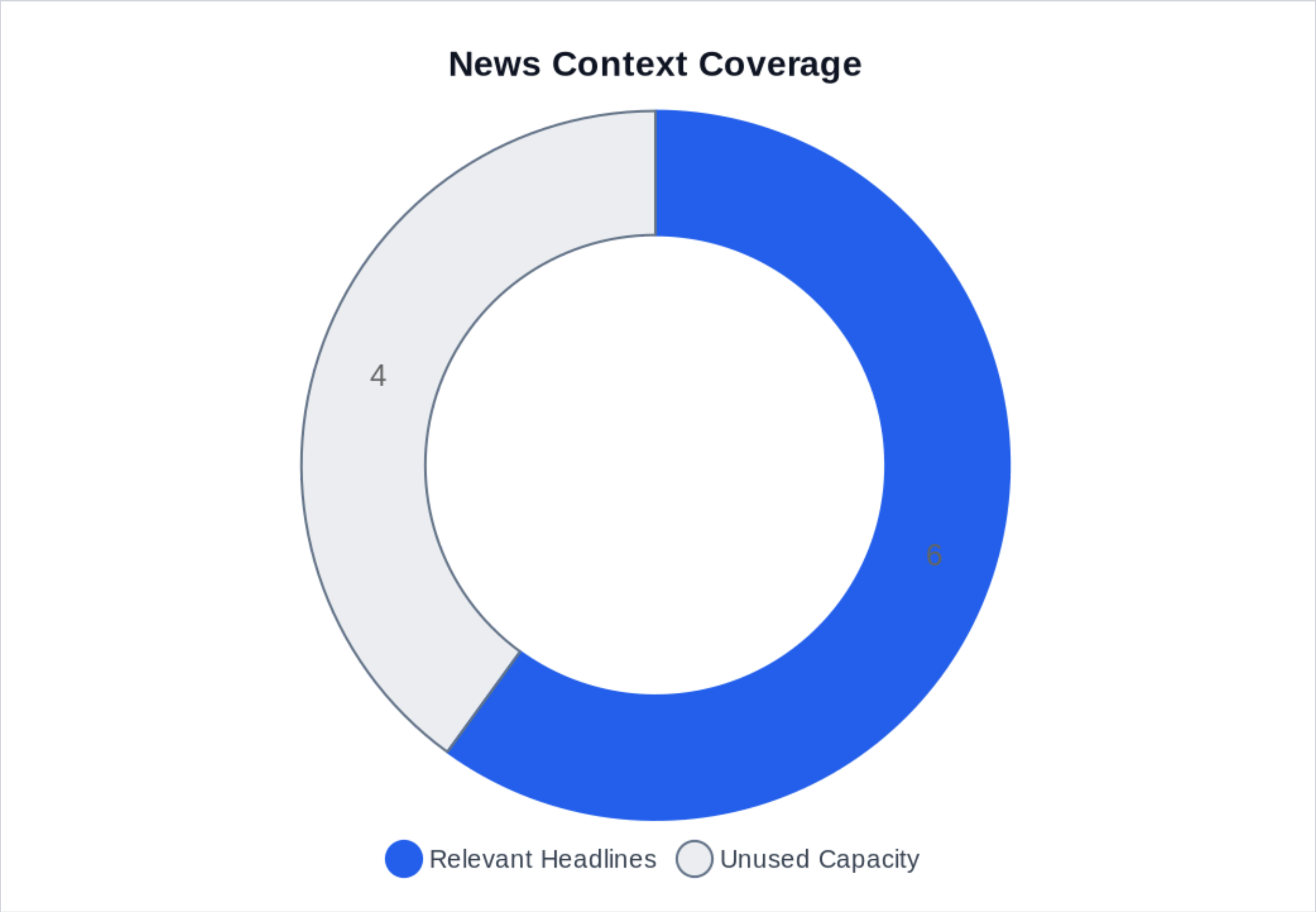
RISK ASSESSMENT

DIMENSION	SCORE	LEVEL
Valuation Risk	2 / 5	Low
Growth Risk	3 / 5	Moderate
Execution Risk	2 / 5	Low
Forecast Risk	3 / 5	Moderate
Quality Risk	1 / 5	Low
Overall Risk	3 / 5	Moderate
Composite Risk Score	**2.3 / 5**	

- Net debt/EBITDA of -0.86 indicates low leverage, reducing financial risk.
- Current ratio of 2.2 indicates liquidity coverage of short-term obligations.
- Cash end growth of -8.7% indicates cash balances declined year over year.

NEWS NARRATIVE

The headline "Atour Lifestyle Holdings Limited Announces Cash Dividend" is relevant to monitoring capital allocation given free cash flow to firm of $2.2B, but additional evidence is required to determine financial impact. The headline "Atour Lifestyle Holdings Limited Reports First Quarter 2026 Unaudited Financial Results" is relevant to assessing continuation of the 87.5% EPS beat rate, but additional evidence is required to determine trend durability.



NEWS CONTEXT COVERAGE

Recent relevant coverage clusters around: ai_technology, macro_sector.

INVESTMENT VIEW

EVIDENCE BALANCE	CONVICTION	RISK LEVEL	CLASSIFICATION
Positive evidence balance	**High**	**Moderate**	**Value / Quality Candidate**

Core Thesis: *At 11.0x EV/EBITDA and 13.3x EV/FCF, the current price reflects an assumption that revenue growth of 35.1% and EPS growth of 23.4% will normalize further, yet ROIC of 30.6% and net debt/EBITDA of -0.86 indicate capital-efficient, asset-light scaling that may be more durable than implied.*

Primary Risk: Revenue growth declining below 35.1% would indicate further deceleration versus the 5Y average of 47.8%.

Monitor: Can ROIC remain above 30.6% as the pipeline of 299 hotels converts into operating units?