24 Aug 2026

CMB International Global Markets | Equity Research | Company Update

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Ke Holdings (BEKE US)

Efficiency gains broaden from cost control to operating productivity

KE Holdings' (Beike) 2Q26 results demonstrated strong efficiency gains: revenue declined 5.7% YoY to RMB24.5bn, 1%/2% ahead of Bloomberg consensus and our forecast, while non-GAAP NP surged 74.9% YoY to RMB3.2bn, 32%/30% above consensus and our estimate. Non-GAAP NPM reached 13.0% (+6.0ppt YoY), a three-year high. In our view, the quarter provides the clearest evidence yet that Beike's earnings power is increasingly being driven by higher output per store and per agent, rather than network expansion: store and agent counts both declined YoY (-0.4%/-3.1%), yet existing home transaction (EHT) volume grew c.25% YoY. Compared with 2Q21, a quarter with broadly similar revenue, non-GAAP NP was 95% higher, aided by a 14% increase in transaction volume per store and a 50% increase in transaction volume per agent. We cut our FY26-28E revenue forecasts by 6-12%, reflecting the migration of the rental business toward net-basis revenue recognition, the ongoing reset in home renovation, and a more conservative outlook for the recovery in new home transactions (NHT). However, we raise our FY26E non-GAAP NP forecast by 13%, driven by stronger efficiency gains and improving operating productivity. A stable but continuously optimized service network, higher store and agent productivity, and healthier unit economics across new businesses should support profitability through a still-uneven housing recovery, in our view. Our SOTP-based TP moves to US$22.40 (from US$24.00), translating into 20.4x 2026E non-GAAP P/E. Maintain BUY.

- **Profit growth was driven by structural efficiency gains.** Beike added no capacity in 2Q26: stores ended at 60,274 (-0.4% YoY) and agents 540,634 (-3.1%). On that shrinking base, EHT transaction volume rose c.25% YoY and connected (non-Lianjia) store volume rose c.30% during the quarter, against online-registration volume in Beike's c.70 covered cities up only 10% YoY. NHT GTV was flat YoY against -10% of the market. Both productivity converted into elevated market share: EHT transaction-volume share in covered cities rose 4.7ppt YoY (c.6ppt ex-Beijing/Shanghai, the same pace as 1Q26) and NHT share rose 2.8ppt to c.35%. Productivity gains also translated into stronger margins, with contribution margins (CM) for EHT/NHT expanding to 46.1%/28.8% in 2Q26 from 39.9%/24.4% in 2Q25.

- **New businesses: prioritizing unit economics and risk-adjusted returns over revenue scale.** Revenue from home renovation & furnishing (HR&F) and home rental services (HRS) declined 30%/15% YoY in 2Q26, respectively, reflecting exits from less efficient cities and channels in HR&F and the migration toward lighter, lower-risk net-revenue products in HRS. Despite the revenue declines, CM improved materially to 39.6%/15.3% in 2Q26, respectively, from 32.1%/8.4% in 2Q25, underscoring continued improvement in underlying unit economics. We forecast HR&F/HRS revenue to decline 27%/20% YoY, respectively, in 3Q26E, and expect both businesses to return to positive YoY revenue growth in 1Q27E, driven by normalization of business.

- **3Q26E outlook: leaner cost base should prove durable.** We forecast total revenue of RMB20.5bn in 3Q26E, down 11% YoY and 8% below consensus, mainly reflecting continued revenue declines in new businesses. That said, we see upside potential to our forecasts for the core housing transaction businesses, supported by continued improvements in

BUY (Maintain)

Target Price	**US$22.40**
(Previous TP	US$24.00)
Up/Downside	**26.2%**
Current Price	**US$17.75**

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Stock Data

Mkt Cap (US$ mn)	20,201.4
Avg 3 mths t/o (US$ mn)	23.0
52w High/Low (US$)	20.36/14.26
Total Issued Shares (mn)	1138.1

Source: FactSet

Shareholding Structure

Propitious Global	25.4%
Tencent Mobility	7.3%

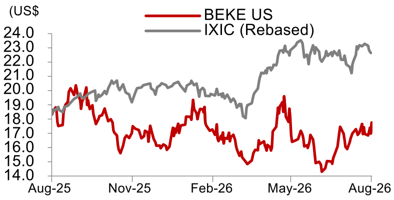
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	7.1%	5.7%
3-mth	5.1%	5.5%
6-mth	2.8%	-10.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

store and agent productivity. On profitability, we forecast non-GAAP operating profit to increase 83% YoY to RMB2.1bn, in line with consensus, implying a non-GAAP OPM of 10.4% versus 5.1% in 3Q25.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	93,457	94,580	84,340	88,423	92,353
YoY growth (%)	20.2	1.2	(10.8)	4.8	4.4
Net profit (RMB mn)	4,064.9	2,994.0	6,634.3	7,489.7	8,497.4
Adjusted net profit (RMB mn)	7,211.1	5,016.9	8,453.9	9,276.0	10,266.0
YoY growth (%)	(26.4)	(30.4)	68.5	9.7	10.7
EPS (Adjusted) (RMB)	6.44	4.59	7.81	8.66	9.64
P/E (x)	32.8	43.5	19.5	17.1	14.9

Source: Company data, Bloomberg, CMBIGM estimates

Results comparison and changes in forecast

Figure 1: BEKE: quarterly financial results

(RMBbn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	2Q26E Consensus	Diff%	CMBI estimates	Diff%
GTV										
Growth (YoY%)										
Existing home transaction	**580**	**584**	**506**	**482**	**534**	**630**	**603**	**4.5%**	**609**	**3.5%**
Growth (YoY%)	*28%*	*2%*	*6%*	*-35%*	*-8%*	*8%*				
New home transaction	**232**	**255**	**196**	**207**	**146**	**258**	**253**	**2.1%**	**254**	**1.6%**
Growth (YoY%)	*53%*	*9%*	*-14%*	*-42%*	*-37%*	*1%*				
(%)										
Blended monetization rate										
Existing home transaction (revenue/GTV)	1.18%	1.15%	1.18%	1.13%	1.15%	1.11%	1.14%	0.0 ppt	1.13%	0.0 ppt
New home transaction (revenue/GTV)	3.48%	3.37%	3.38%	3.51%	3.49%	3.46%	3.41%	0.1 ppt	3.37%	0.1 ppt
Revenue	**23.3**	**26.0**	**23.1**	**22.2**	**18.9**	**24.5**	**24.3**	**1.0%**	**24.1**	**1.7%**
Growth (YoY%)	*42%*	*11%*	*2.1%*	*-28.7%*	*-19.0%*	*-5.7%*				
Existing home transaction	**6.9**	**6.7**	**6.0**	**5.4**	**6.1**	**7.0**	**6.9**	**2.1%**	**6.9**	**1.9%**
Growth (YoY%)	*20%*	*-8%*	*-4%*	*-39%*	*-11%*	*5%*				
New home transaction	**8.1**	**8.6**	**6.6**	**7.3**	**5.1**	**8.9**	**8.6**	**3.6%**	**8.6**	**4.2%**
Growth (YoY%)	*64%*	*9%*	*-14%*	*-44%*	*-37%*	*4%*				
Home renovation and furnishing	**2.9**	**4.6**	**4.3**	**3.6**	**2.3**	**3.2**	**3.6**	**-11.5%**	**3.6**	**-10.6%**
Home rental services	**5.1**	**5.7**	**5.7**	**5.4**	**5.0**	**4.8**	**4.8**	**1.4%**	**4.8**	**1.3%**
Emerging and other services	**0.3**	**0.4**	**0.4**	**0.5**	**0.3**	**0.5**	**0.4**	**35.5%**	**0.3**	**78.7%**
Gross profit	4.8	5.7	4.9	4.8	4.6	7.0	6.2	12.5%	6.2	12.4%
Operating profit	0.6	1.1	0.6	-0.1	1.3	3.0	2.9	3.6%	2.5	23.1%
Contribution profit	6.1	7.1	6.1							
Non-GAAP operating profit	**1.1**	**1.6**	**1.2**	**0.3**	**1.7**	**3.6**	**2.9**	**22.9%**	**2.9**	**23.7%**
Non-GAAP net profit	**1.4**	**1.8**	**1.3**	**0.5**	**1.6**	**3.2**	**2.4**	**31.9%**	**2.5**	**29.5%**
Growth (YoY%)	*0%*	*-32%*	*-28%*	*-61.5%*	*15.7%*	*74.9%*				
Margin profile										
(%)										
Gross margin	20.7%	21.9%	21.4%	21.4%	24.1%	28.6%	25.7%	2.9 ppt	25.9%	2.7 ppt
Operating profit margin	2.5%	4.1%	2.6%	-0.7%	6.7%	12.3%	12.0%	0.3 ppt	10.2%	2.1 ppt
Contribution profit margin	26.1%	27.1%	26.4%	28.1%	29.9%	33.5%				
Existing home transaction	38.1%	39.9%	39.0%	40.4%	41.3%	46.1%				
New home transaction	23.4%	24.4%	24.1%	28.3%	25.7%	28.8%				
Home renovation and furnishing	32.6%	32.1%	32.0%	28.8%	36.2%	39.6%				
Home rental servcies	6.7%	8.4%	8.7%	10.4%	14.8%	15.3%				
Emerging and other services	79.0%	74.4%	69.2%	80.8%	68.8%	74.1%				
Non-GAAP net profit margin	6.0%	7.0%	5.6%	2.4%	8.5%	13.0%	9.9%	3.0 ppt	10.2%	2.8 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: BEKE: forecast revision

RMB bn	Current 2026E	Current 2027E	Current 2028E	Previous 2026E	Previous 2027E	Previous 2028E	Change (%) 2026E	Change (%) 2027E	Change (%) 2028E
Revenue	84.3	88.4	92.4	89.5	97.4	104.9	-5.8%	-9.2%	-12.0%
Gross profit	22.5	24.3	26.1	21.6	24.6	27.5	4.1%	-1.2%	-5.3%
Operating profit	7.5	8.8	10.1	6.3	8.2	10.1	18.9%	7.0%	-0.1%
Non-GAAP net profit	8.5	9.3	10.3	7.5	9.1	10.6	13.3%	2.5%	-2.8%
Gross margin	26.7%	27.4%	28.2%	24.1%	25.2%	26.2%	2.5 ppt	2.2 ppt	2.0 ppt
Operating margin	8.8%	9.9%	11.0%	7.0%	8.4%	9.7%	1.8 ppt	1.5 ppt	1.3 ppt
Non-GAAP net margin	10.0%	10.5%	11.1%	8.3%	9.3%	10.1%	1.7 ppt	1.2 ppt	1.0 ppt

Source: Company data, CMBIGM estimates

Figure 3: BEKE: CMBIGM estimates vs consensus

RMB bn	Current 2026E	Current 2027E	Current 2028E	Consensus 2026E	Consensus 2027E	Consensus 2028E	Diff (%) 2026E	Diff (%) 2027E	Diff (%) 2028E
Revenue	84.3	88.4	92.4	89.9	94.4	99.8	-6.1%	-6.3%	-7.4%
Gross profit	22.5	24.3	26.1	20.9	22.6	24.3	7.5%	7.2%	7.4%
Non-GAAP net profit	8.5	9.3	10.3	6.4	7.4	8.1	32.1%	25.5%	27.1%
Gross margin	26.7%	27.4%	28.2%	23.3%	24.0%	24.3%	3.4 ppt	3.5 ppt	3.9 ppt
Non-GAAP net margin	10.0%	10.5%	11.1%	7.1%	7.8%	8.1%	2.9 ppt	2.7 ppt	3.0 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 4: BEKE: core DCF valuation

(RMBmn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NPV of FCF	38,151	38,536	36,077	31,922	26,991	22,846	17,872	11,629
Discounted terminal value	74,421							
Enterprise value	112,572							
Net cash	51,517							
Equity value	164,088							
No. of ADSs (diluted, mn)	1,122							
Valuation per ADS (USD)	21.3							

Source: CMBIGM estimates

Note: USD:RMB exchange rate assumption is at 1:6.85 (was 1:7.0)

Figure 5: BEKE: SOTP valuation

(RMBmn)	2026E
Beike Core	164,088
Shengdu	8,000
Total Beike valuation	172,088
Total Beike valuation (USDmn)	25,122
Valuation per ADS	22.4

Source: Company data, CMBIGM estimates

Risks

1) Slower-than-expected property transaction recovery; 2) higher-than-expected receivable impairment from developers; 3) delayed profitability of new business; etc.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**77,777**	**93,457**	**94,580**	**84,340**	**88,423**	**92,353**
Cost of goods sold	(56,059)	(70,513)	(74,368)	(61,851)	(64,168)	(66,293)
Gross profit	**21,718**	**22,944**	**20,212**	**22,489**	**24,254**	**26,061**
Operating expenses	**(16,921)**	**(19,179)**	**(18,101)**	**(15,026)**	**(15,488)**	**(15,945)**
SG&A expense	(14,891)	(16,744)	(15,404)	(12,893)	(13,340)	(13,841)
R&D expense	(1,937)	(2,283)	(2,581)	(2,132)	(2,147)	(2,104)
Others	(93)	(152)	(116)	0	0	0
Operating profit	**4,797**	**3,765**	**2,111**	**7,463**	**8,767**	**10,115**
Other income	1,869	1,566	1,446	1,229	1,229	1,229
Other expense	(133)	(44)	(166)	13	0	0
Investment gain/loss	78	313	463	212	0	0
Share of (losses)/profits of associates/JV	9	10	16	(16)	0	0
Interest income	1,263	1,260	808	536	551	540
Pre-tax profit	**7,884**	**6,870**	**4,677**	**9,437**	**10,547**	**11,885**
Income tax	(1,994)	(2,792)	(1,686)	(2,802)	(3,057)	(3,387)
After tax profit	**5,890**	**4,078**	**2,991**	**6,635**	**7,490**	**8,498**
Minority interest	(6)	(13)	3	(1)	(1)	(1)
Net profit	**5,883**	**4,065**	**2,994**	**6,634**	**7,490**	**8,497**
Core net profit	**5,883**	**4,065**	**2,994**	**6,634**	**7,490**	**8,497**
Adjusted net profit	**9,798**	**7,211**	**5,017**	**8,454**	**9,276**	**10,266**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**69,754**	**76,603**	**68,120**	**70,693**	**78,726**	**87,734**
Cash & equivalents	19,635	11,443	7,773	12,144	19,223	27,564
Restricted cash	6,223	8,858	8,171	8,579	9,008	9,458
Account receivables	3,176	5,498	3,937	2,395	2,691	2,733
Other current assets	40,720	50,804	48,239	47,574	47,805	47,979
Non-current assets	**50,578**	**56,546**	**48,548**	**50,272**	**52,054**	**53,895**
PP&E	1,965	2,400	2,070	1,915	1,801	1,727
Right-of-use assets	17,618	23,367	19,144	21,144	23,144	25,144
Intangibles	1,067	858	723	601	498	412
Goodwill	4,857	4,777	4,660	4,660	4,660	4,660
Other non-current assets	25,071	25,144	21,951	21,951	21,951	21,951
Total assets	**120,332**	**133,149**	**116,668**	**120,965**	**130,781**	**141,629**
Current liabilities	**39,524**	**52,744**	**42,407**	**38,740**	**39,386**	**40,074**
Short-term borrowings	290	288	208	208	208	208
Account payables	6,329	9,493	6,052	5,034	5,222	5,395
Other current liabilities	13,175	15,913	12,210	10,839	11,060	11,358
Lease liabilities	9,369	13,730	10,659	10,659	10,659	10,659
Contract liabilities	4,665	6,052	5,690	5,690	5,690	5,690
Accrued expenses	5,696	7,269	7,588	6,311	6,547	6,764
Non-current liabilities	**8,607**	**8,957**	**7,731**	**7,289**	**7,289**	**7,289**
Long-term borrowings	0	0	442	0	0	0
Other non-current liabilities	8,607	8,957	7,289	7,289	7,289	7,289
Total liabilities	**48,131**	**61,701**	**50,138**	**46,029**	**46,674**	**47,363**
Share capital	0	0	0	0	0	0
Retained earnings	(5,673)	(1,724)	1,142	7,777	15,266	23,764
Other reserves	77,773	73,048	65,299	67,070	68,750	70,413
Total shareholders equity	**72,100**	**71,324**	**66,441**	**74,847**	**84,016**	**94,176**
Minority interest	101	124	89	89	90	90
Total equity and liabilities	**120,332**	**133,149**	**116,668**	**120,965**	**130,781**	**141,629**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**7,884**	**6,870**	**4,677**	**9,437**	**10,547**	**11,885**
Depreciation & amortization	932	1,012	1,072	681	642	603
Tax paid	1,994	2,792	1,686	2,802	3,057	3,387
Change in working capital	2,075	1,925	(6,700)	(3,545)	(1,834)	(1,475)
Others	(1,471)	(3,153)	(1,111)	(3,833)	(4,433)	(5,111)
Net cash from operations	**11,414**	**9,447**	**(376)**	**5,542**	**7,978**	**9,288**
Investing						
Capital expenditure	(874)	(1,037)	(608)	(405)	(424)	(443)
Acquisition of subsidiaries/ investments	(5,595)	(11,886)	12,039	0	0	0
Others	2,492	3,545	(5,537)	85	(47)	(53)
Net cash from investing	**(3,977)**	**(9,378)**	**5,894**	**(320)**	**(471)**	**(496)**
Financing						
Net borrowings	(329)	(2)	1,208	(442)	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(6,889)	(5,792)	(11,001)	0	0	0
Net cash from financing	**(7,218)**	**(5,795)**	**(9,793)**	**(442)**	**0**	**0**
Net change in cash						
Cash at the beginning of the year	25,594	25,857	20,301	15,944	20,724	28,231
Exchange difference	45	169	(83)	0	0	0
Cash at the end of the year	**25,857**	**20,301**	**15,944**	**20,724**	**28,231**	**37,022**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	28.2%	20.2%	1.2%	(10.8%)	4.8%	4.4%
Gross profit	57.6%	5.6%	(11.9%)	11.3%	7.9%	7.4%
Operating profit	na	(21.5%)	(43.9%)	253.6%	17.5%	15.4%
Net profit	na	(30.9%)	(26.3%)	121.6%	12.9%	13.5%
Adj. net profit	244.7%	(26.4%)	(30.4%)	68.5%	9.7%	10.7%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	27.9%	24.6%	21.4%	26.7%	27.4%	28.2%
Operating margin	6.2%	4.0%	2.2%	8.8%	9.9%	11.0%
Adj. net profit margin	12.6%	7.7%	5.3%	10.0%	10.5%	11.1%
Return on equity (ROE)	8.3%	5.7%	4.3%	9.4%	9.4%	9.5%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.3)	(0.2)	(0.1)	(0.2)	(0.2)	(0.3)
Current ratio (x)	1.8	1.5	1.6	1.8	2.0	2.2
Receivable turnover days	17.0	16.7	18.0	13.7	10.5	10.7
Payable turnover days	41.2	49.1	29.7	29.7	29.7	29.7

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	23.8	32.8	43.5	19.5	17.1	14.9
P/E (diluted)	24.4	34.5	45.3	20.2	17.7	15.5
P/B	2.0	2.0	2.1	1.8	1.6	1.4
P/CFPS	12.9	16.1	ns	26.4	18.0	15.3

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

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