

Ke Holdings (BEKE US)

2Q25 preview: expecting upbeat results

For Ke Holdings' (Beike) 2Q25 results which will be released on 26 Aug, we are anticipating revenue of RMB26.1bn, up 11.7% YoY, and non-GAAP net profit of RMB1.75bn, translating into non-GAAP net margin of 6.7%. Our 2Q25E revenue/ non-GAAP NP forecasts are 0.4/2.2% ahead of Bloomberg consensus. We remain positive that Beike is well positioned to expand its market share in home transaction business, aided by its strong technological capability, superior service quality, and well-established agent cooperation network (ACN). Although facing industry headwinds, and Beike is more proactively shouldering social responsibilities, which likely will weigh on near-term profitability, it is well positioned to deliver long-term healthy profitability expansion and earnings growth, in our view, aided by operational efficiency improvement of core business, and profitability improvement of home decoration business thanks to the scale effect. Our SOTP-based target price is fine-tuned to US\$23.8 (was US\$24.6), translating into 28/23x 2025E/2026E non-GAAP PE. Maintain BUY.

- **Property sales still see challenges in delivering a solid recovery.** New home/secondary home sales volume in 30/14 cities was -6%/+13% YoY YTD as of 18 Aug, weaker than +1/+33% in 1Q25 but better than -8%/+6% in 2Q25. For MTD in Aug, new home sales went down 15% YoY, with Tier 1 & 2 cities at -18% and Tier 3 cities at -4%, given that high-tier cities benefited more from policies last year and built a higher base. Secondary home sales stayed flat YoY in Aug MTD even with a high base as home prices continue falling. The estimation of Iceberg Big Data also hints at a weak August, forecasting the new home/secondary transaction volume in Aug to be down by an average of 42%/3% YoY in tier 1 cities. Q3 is the traditional low season, but policy relaxation in BJ on 1 Aug has brought a more positive atmosphere, as it reflects that the regulator is trying to respond more quickly and swiftly to the sales decline.
- **2Q25 preview.** For 2Q25E, we are looking for total revenue of RMB26.1bn, up 11.7% YoY, driven by new home transaction services revenue growth of 14%, as well as robust development of home renovation and furnishing business and other new emerging business such as home rental services, while could be partly offset by an 8% YoY decline in existing home transaction services revenue due to the decline in commission fee rate. We are looking for non-GAAP OP of RMB1.8bn, translating into 6.8% non-GAAP OPM.
- **SOTP-based valuation of US\$23.8.** Our TP consists of US\$22.9/ADS for Beike Core and US\$0.9/ADS for Shengdu, and translates into 28/23x 2025E/2026E non-GAAP PE. Maintain BUY. **Key risks:** 1) slower-than-expected GTV growth for new home and existing home sales GTV amid industry headwinds; and 2) slower-than-expected margin recovery dragged by more aggressive-than-expected investment plan.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	77,777	93,457	104,334	115,282	124,242
YoY growth (%)	28.2	20.2	11.6	10.5	7.8
Net profit (RMB mn)	5,883.2	4,064.9	4,636.8	6,462.1	7,721.0
Adjusted net profit (RMB mn)	9,798.5	7,211.1	7,069.4	8,798.3	9,970.0
YoY growth (%)	244.7	(26.4)	(2.0)	24.5	13.3
EPS (Adjusted) (RMB)	8.35	6.44	6.32	7.86	8.91
P/E (x)	26.3	36.3	31.8	22.8	19.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$23.80
(Previous TP)	US\$24.60
Up/Downside	29.6%
Current Price	US\$18.37

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Stock Data

Mkt Cap (US\$ mn)	21,732.5
Avg 3 mths t/o (US\$ mn)	66.1
52w High/Low (US\$)	25.80/13.36
Total Issued Shares (mn)	1183.0

Source: FactSet

Shareholding Structure

Propitious Global	23.3%
Tencent Mobility	10.0%

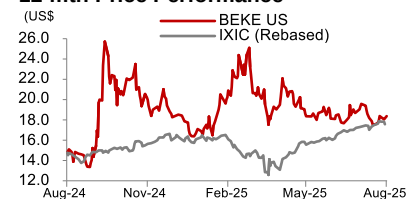
Source: HKEx

Share Performance

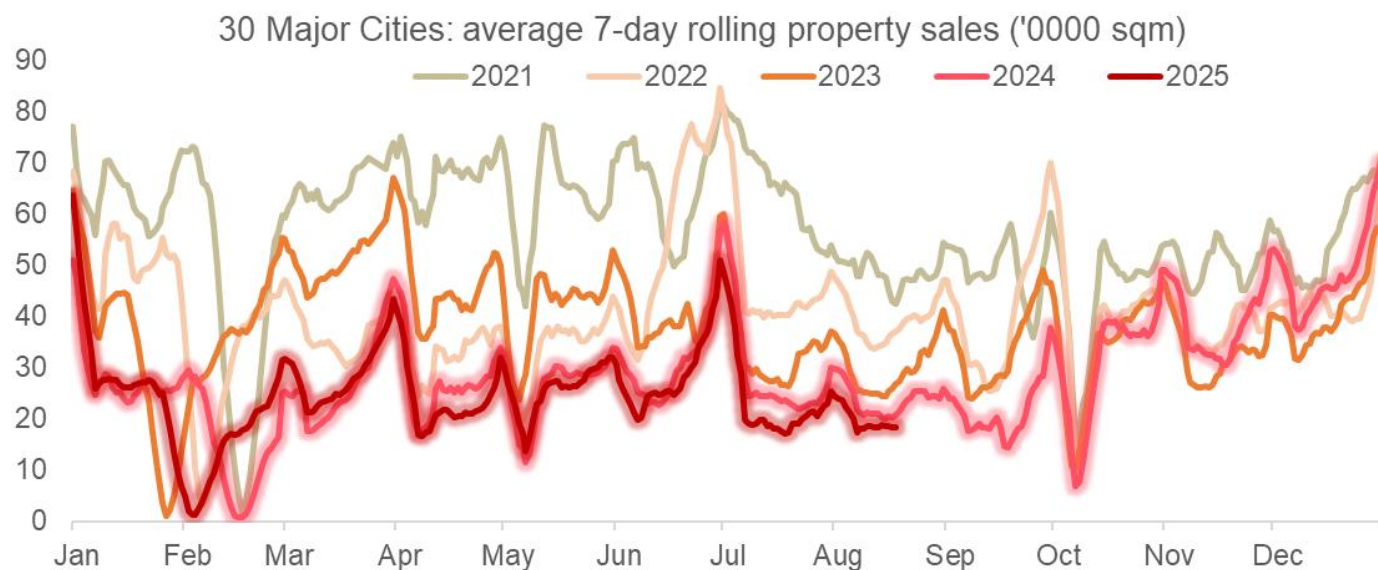
	Absolute	Relative
1-mth	-3.5%	-4.4%
3-mth	0.1%	-10.8%
6-mth	-12.1%	-19.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: YTD new home sales trend**新房30城销售**

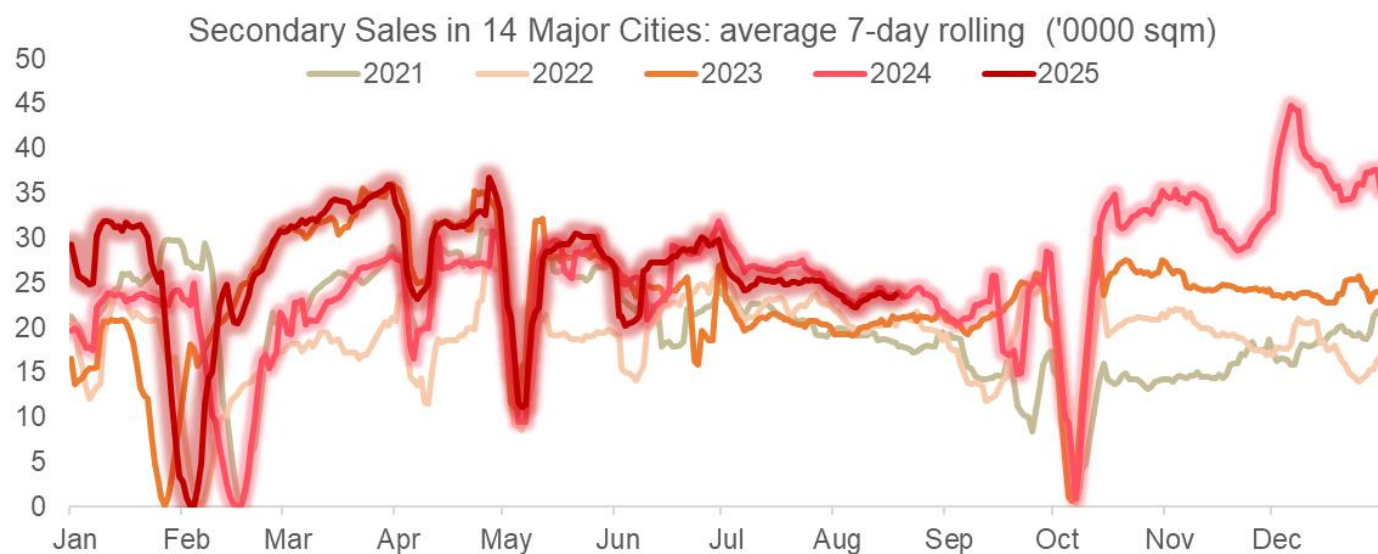
YoY 同比 - new home	25 vs 24	vs 23	vs 22	vs 21	vs 20	vs 19
Jan - Feb	1%	-39%	-47%	-60%	-19%	-49%
Mar	2%	-46%	-21%	-57%	-21%	-47%
Apr	-12%	-46%	-30%	-66%	-52%	-60%
May	-3%	-40%	-25%	-59%	-54%	-54%
Jun	-8%	-26%	-50%	-53%	-54%	-49%
Jul	-19%	-32%	-50%	-67%	-68%	-64%
Aug MTD	-15%	-34%	-52%	-62%	-70%	-64%
1Q25	1%	-42%	-38%	-59%	-20%	-48%
2Q25	-8%	-38%	-38%	-60%	-54%	-54%
YTD	-6%	-39%	-41%	-60%	-50%	-54%

MoM 月环比	2025
Feb	-23%
Mar	70%
Apr	-24%
May	16%
Jun	17%
Jul	-30%
Aug MTD	-8%

WoW 周环比	
2025 Aug 18	13%

Source: Wind, CMBIGM (data as of 18 Aug)

Figure 2: YTD existing home sales trend



二手房14城销售

YoY 同比 - Second hand	vs 24	vs 23	vs 22	vs 21	vs 20	vs 19	MoM 月环比	2025
Jan - Feb	29%	25%	62%	15%	115%	44%	Feb	-13%
Mar	35%	-4%	71%	25%	112%	38%	Mar	60%
Apr	17%	8%	59%	14%	40%	8%	Apr	-9%
May	0%	-5%	44%	13%	10%	-8%	May	-17%
Jun	2%	12%	19%	20%	-2%	8%	Jun	3%
Jul	-6%	30%	19%	21%	-8%	0%	Jul	0%
Aug MTD	0%	3%	3%	19%	-9%	0%	Aug MTD	-16%
1Q25	33%	11%	66%	19%	114%	42%	WoW 周环比	
2Q25	6%	5%	39%	15%	15%	3%	2025 Aug 18	22%
YTD	13%	10%	42%	18%	32%	15%		

Source: Wind, CMBIGM (data as of 18 Aug)

Figure 3: Beike: CMBI earnings forecast revision

RMB bn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	104.3	115.3	124.2	108.7	120.6	130.2	-4.0%	-4.4%	-4.6%
Gross Profit	24.9	28.0	30.5	26.3	29.6	32.4	-5.3%	-5.6%	-5.8%
Operating Profit	4.7	7.2	8.8	4.9	7.7	9.4	-5.4%	-5.4%	-5.7%
Non-GAAP net profit	7.1	8.8	10.0	7.3	9.2	10.4	-3.1%	-4.2%	-4.6%
Gross Margin	23.9%	24.3%	24.6%	24.2%	24.6%	24.9%	-0.3 ppt	-0.3 ppt	-0.3 ppt
Operating Margin	4.5%	6.3%	7.1%	4.5%	6.4%	7.2%	-0.1 ppt	-0.1 ppt	-0.1 ppt
Non-GAAP net margin	6.8%	7.62%	8.0%	6.7%	7.6%	8.0%	0.1 ppt	0.0 ppt	0.0 ppt

Source: CMBIGM estimates

Figure 4: Beike: DCF valuation of Beike Core business and SOTP valuation of Beike

(RMBmn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Beike Core									
NPV of FCF	46,321	44,259	43,622	41,857	38,647	33,979	28,889	21,898	14,227
Discounted terminal value	82,410	91,042							
Enterprise value	128,731	135,302							
Net cash	60,601	67,014							
Equity value	189,332	202,316							
No. of ADS (diluted, mn)	1,175	1,175							
Valuation per ADS (USD)	22.9								

(RMBmn)	2025E
Beike Core	193,660
Shengdu	8,000
Total Beike valuation	201,660
Total Beike valuation (USDmn)	28,008
Valuation per ADS	23.8

Source: CMBIGM estimates

Note: 2025E Beike Core valuation = weighted average of 8 months of 2025E valuation and 4 months of 2026E valuation.

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	60,669	77,777	93,457	104,334	115,282	124,242
Cost of goods sold	(46,888)	(56,059)	(70,513)	(79,385)	(87,293)	(93,719)
Gross profit	13,781	21,718	22,944	24,950	27,989	30,523
Operating expenses	(14,614)	(16,921)	(19,179)	(20,289)	(20,746)	(21,700)
SG&A expense	(11,920)	(14,891)	(16,744)	(17,785)	(18,037)	(18,818)
R&D expense	(2,546)	(1,937)	(2,283)	(2,504)	(2,709)	(2,882)
Others	(148)	(93)	(152)	0	0	0
Operating profit	(833)	4,797	3,765	4,660	7,243	8,823
Other income	1,569	1,869	1,566	1,409	1,268	1,268
Other expense	(719)	(133)	(44)	(40)	0	0
Investment gain/loss	(512)	78	313	110	0	0
Share of (losses)/profits of associates/JV	45	9	10	7	0	0
Interest income	743	1,263	1,260	1,162	1,289	1,424
Pre-tax profit	292	7,884	6,870	7,310	9,801	11,515
Income tax	(1,690)	(1,994)	(2,792)	(2,660)	(3,325)	(3,781)
After tax profit	(1,397)	5,890	4,078	4,650	6,475	7,734
Minority interest	11	(6)	(13)	(13)	(13)	(13)
Net profit	(1,386)	5,883	4,065	4,637	6,462	7,721
Core net profit	(1,386)	5,883	4,065	4,637	6,462	7,721
Adjusted net profit	2,843	9,798	7,211	7,069	8,798	9,970
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	70,425	69,754	76,603	83,919	91,754	100,149
Cash & equivalents	19,413	19,635	11,443	19,572	25,985	33,483
Restricted cash	6,181	6,223	8,858	9,301	9,766	10,255
Account receivables	4,163	3,176	5,498	4,096	4,673	4,711
Other current assets	40,667	40,720	50,804	50,950	51,330	51,700
Non-current assets	38,923	50,578	56,546	58,363	62,391	66,475
PP&E	2,037	1,965	2,400	2,461	2,573	2,744
Right-of-use assets	11,284	17,618	23,367	27,367	31,367	35,367
Intangibles	1,687	1,067	858	(1,386)	(1,469)	(1,556)
Goodwill	4,934	4,857	4,777	4,777	4,777	4,777
Other non-current assets	18,981	25,071	25,144	25,144	25,144	25,144
Total assets	109,347	120,332	133,149	142,283	154,146	166,624
Current liabilities	33,341	39,524	52,744	57,178	60,490	63,246
Short-term borrowings	619	290	288	288	288	288
Account payables	5,843	6,329	9,493	11,962	13,154	14,122
Other current liabilities	14,528	13,175	15,913	16,963	18,269	19,394
Lease liabilities	4,972	9,369	13,730	13,730	13,730	13,730
Contract liabilities	3,260	4,665	6,052	6,052	6,052	6,052
Accrued expenses	4,118	5,696	7,269	8,183	8,998	9,661
Non-current liabilities	6,952	8,607	8,957	8,957	8,957	8,957
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	6,952	8,607	8,957	8,957	8,957	8,957
Total liabilities	40,293	48,131	61,701	66,135	69,447	72,204
Share capital	0	0	0	0	0	0
Retained earnings	(11,406)	(5,673)	(1,724)	2,913	9,375	17,096
Other reserves	80,326	77,773	73,048	72,982	75,057	77,045
Total shareholders equity	68,920	72,100	71,324	75,895	84,432	94,141
Minority interest	134	101	124	137	151	164
Total equity and liabilities	109,347	120,332	133,149	142,167	154,030	166,508

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	292	7,884	6,870	7,310	9,801	11,515
Depreciation & amortization	1,089	932	691	947	972	994
Tax paid	1,690	1,994	2,792	2,660	3,325	3,781
Change in working capital	5,036	2,075	1,925	1,778	(1,439)	(1,459)
Others	354	(1,471)	(2,831)	(3,130)	(4,575)	(5,574)
Net cash from operations	8,461	11,414	9,447	9,566	8,084	9,257
Investing						
Capital expenditure	(793)	(874)	(1,037)	(905)	(1,000)	(1,078)
Acquisition of subsidiaries/ investments	5,420	(5,595)	(11,886)	0	0	0
Others	(13,099)	2,492	3,545	(89)	(205)	(193)
Net cash from investing	(8,472)	(3,977)	(9,378)	(994)	(1,205)	(1,271)
Financing						
Net borrowings	359	(329)	(2)	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Others	(1,514)	(6,889)	(5,792)	0	0	0
Net cash from financing	(1,155)	(7,218)	(5,795)	0	0	0
Net change in cash						
Cash at the beginning of the year	26,732	25,594	25,857	20,301	28,873	35,751
Exchange difference	29	45	169	0	0	0
Cash at the end of the year	25,594	25,857	20,301	28,873	35,751	43,737
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(24.9%)	28.2%	20.2%	11.6%	10.5%	7.8%
Gross profit	(12.9%)	57.6%	5.6%	8.7%	12.2%	9.1%
Operating profit	na	na	(21.5%)	23.8%	55.4%	21.8%
Net profit	na	na	(30.9%)	14.1%	39.4%	19.5%
Adj. net profit	23.9%	244.7%	(26.4%)	(2.0%)	24.5%	13.3%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	22.7%	27.9%	24.6%	23.9%	24.3%	24.6%
Operating margin	(1.4%)	6.2%	4.0%	4.5%	6.3%	7.1%
Adj. net profit margin	4.7%	12.6%	7.7%	6.8%	7.6%	8.0%
Return on equity (ROE)	(2.0%)	8.3%	5.7%	6.3%	8.1%	8.6%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.3)	(0.3)	(0.2)	(0.3)	(0.3)	(0.4)
Current ratio (x)	2.1	1.8	1.5	1.5	1.5	1.6
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	26.3	36.3	31.8	22.8	19.1
P/E (diluted)	ns	27.0	38.1	33.4	24.0	20.1
P/B	2.3	2.2	2.2	2.0	1.8	1.6
P/CFPS	20.3	14.8	18.6	18.0	22.0	19.1

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

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