

# Ke Holdings (BEKE US)

## 1Q25 results beat, but moderate outlook guidance raised concerns

BEKE's 1Q25 results beat expectations, but outlook guidance raised concerns. 1Q25 revenue rose 42% YoY to RMB 23.3bn (+4%/+3% above Bloomberg consensus/CMBI estimates), mainly driven by new home (+64% YoY) and emerging biz (+46% YoY). Non-GAAP net profit reached RMB 1.4bn in the quarter (flat YoY), beating Bloomberg/CMBI estimates by 22%/30%. However, its 2Q25/FY25 guidance implies FY25 non-GAAP NP of ~RMB 7.3bn, well below market expectations of RMB 8bn, as the company cushions for incremental impacts from whether the property policy support will match with last year's strength and effectiveness. We maintain our view of "cautious in the short term and positive in the long term" for BEKE, cutting our SOTP-based TP by 6.5% to US\$24.6 to reflect lower earnings forecasts. The TP implies US\$25.4 for Beike Core biz and US\$0.9 for Shengdu, translating to 28.5x 2025E PE (non-GAAP). Maintain BUY.

■ **1Q25 earnings beat with mixed core biz performance.** Beike's EHT/NHT GTV rose 28%/53% YoY, far outperforming the market's 16%/0%. Revenue from the segment was up 20%/64%, reflecting higher taker rate for new home but a decline in existing home biz due to rising contribution from non-Lianjia store with a lower take rate. Contribution margins (CM) improved for new home biz but dropped for existing home biz, as the agent number and salary increases drove cost up by RMB 600mn YoY. Management signalled for continuous cost optimization in the future. Non-GAAP NP came in at RMB 1.4bn, beating estimates, although NP margin declined to 6.0% from 8.5% in 1Q24 due to the aforementioned margin pressure on existing home biz alongside the exit of high-margin biz like corporation with banks, which also weighed on profitability.

■ **Conservative guidance falls short of market expectations.** The company guides 2Q25 revenue at ~RMB 26 bn (+12% YoY) with non-GAAP OP margin at 6.5%, implying a 40% YoY drop in non-GAAP OP. Notably, its first full-year guidance projects non-GAAP OP margin of FY25 at 6.8%. This likely matches with the non-GAAP NP margin, translating to ~RMB 7.3 bn non-GAAP NP, nearly flat vs. FY24 and well below prior market forecast of RMB 8 bn, primarily driven by 1) conservative GTV and existing home take rate assumptions, and 2) potentially sustained margin pressure from rise in employee compensation. We think the cautious guidance reflects the company's wait-and-see stance on the market, as it is unclear whether the strong policy support and visible effects since 2Q24 will be in place again in FY25.

■ **Home renovation biz achieves breakthrough.** The segment's CM hit an all-time high of 32.6% in 1Q25, with the segment achieving monthly breakeven in April, driven by procurement optimization which lifted centralized purchasing share from 24% in prior year to 65%, reducing raw material prices by ~20% according to the management. The company expects to sustain breakeven in 2Q, considering the long holiday impacts in 2H25, and FY25 loss may narrow significantly with profitability in FY26.

### Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	77,777	93,457	108,718	120,552	130,180
YoY growth (%)	28.2	20.2	16.3	10.9	8.0
Net profit (RMB mn)	5,883.2	4,064.9	4,860.9	6,868.5	8,236.7
Adjusted net profit (RMB mn)	9,798.5	7,211.1	7,296.5	9,179.0	10,450.6
YoY growth (%)	244.7	(26.4)	1.2	25.8	13.9
EPS (Adjusted) (RMB)	8.35	6.44	6.52	8.20	9.34
YoY growth (%)	na	(29.2)	19.6	41.3	19.9
P/E (Adjusted) (x)	17.0	23.2	22.9	18.2	16.0

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** **US\$24.60**  
 (Previous TP) **US\$26.30**  
**Up/Downside** **21.6%**  
**Current Price** **US\$20.23**

### China Internet

**Saiyi HE, CFA**  
 (852) 3916 1739  
 hesaiyi@cmbi.com.hk

**Ye TAO, CFA**  
 franktao@cmbi.com.hk

**Miao ZHANG**  
 (852) 3761 8910  
 zhangmiao@cmbi.com.hk

**Wentao LU, CFA**  
 luwentao@cmbi.com.hk

**Joanna Ma**  
 joannama@cmbi.com.hk

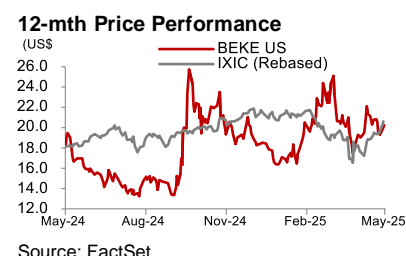
**Stock Data**  
 Mkt Cap (US\$ mn) 23,932.9  
 Avg 3 mths t/o (US\$ mn) 141.3  
 52w High/Low (US\$) 25.80/13.23  
 Total Issued Shares (mn) 1183.0  
 Source: FactSet

**Shareholding Structure**  
 Propitious Global 23.3%  
 Tencent Mobility 10.0%  
 Source: HKEx

**Share Performance**

	Absolute	Relative
1-mth	4.6%	-8.1%
3-mth	-1.3%	3.2%
6-mth	3.6%	1.1%

Source: FactSet



## Results comparison and changes in forecast

Figure 1: BEKE: quarterly financial results

(RMBbn)	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	1Q25E Consensus	Diff%
<b>GTV</b>	<b>781</b>	<b>655</b>	<b>736</b>	<b>630</b>	<b>839</b>	<b>737</b>	<b>1,144</b>	<b>844</b>	<b>810</b>	4.1%
Growth (YoY%)	22%	-11%	14%	-35%	7%	12%	55%	34%		
Existing home transaction	457	439	468	453	571	478	745	580	560	3.6%
Growth (YoY%)	16%	-2%	30%	-32%	25%	9%	59%	28%		
New home transaction	295	192	238	152	235	228	355	232	215	7.9%
Growth (YoY%)	32%	-27%	-10%	-45%	-20%	18%	49%	53%		
( <b>%</b> )										
<b>Blended monetization rate</b>										
Existing home transaction (revenue/GTV)	1.4	1.4	1.3	1.3	1.3	1.3	1.2	1.2	1.2	0.0 ppt
New home transaction (revenue/GTV)	2.9	3.1	3.2	3.2	3.4	3.4	3.7	3.5	3.5	0.0 ppt
( <b>RMBbn</b> )										
<b>Revenue</b>	<b>19.5</b>	<b>17.8</b>	<b>20.2</b>	<b>16.4</b>	<b>23.4</b>	<b>22.6</b>	<b>31.1</b>	<b>23.3</b>	<b>22.5</b>	3.7%
Growth (YoY%)	41	1	21	(19)	20	27	54	42		
Existing home transaction	6.4	6.3	6.0	5.7	7.3	6.2	8.9	6.9	6.7	1.8%
Growth (YoY%)	16	(12)	15	(38)	14	(1)	47	20		
New home transaction	8.7	5.9	7.6	4.9	7.9	7.7	13.1	8.1	7.5	7.7%
Growth (YoY%)	30	(24)	(9)	(41)	(9)	31	73	64		
Emerging and other services - old disclosure	4.4	5.6	6.6	5.7	8.1	8.6	9.1	8.4	8.3	1.6%
Growth (YoY%)	177	112	107	113	85	54	39	46		
<b>Gross profit</b>	<b>5.3</b>	<b>4.9</b>	<b>5.1</b>	<b>4.1</b>	<b>6.5</b>	<b>5.1</b>	<b>7.2</b>	<b>4.8</b>	<b>5.0</b>	-3.3%
Operating profit	1.1	0.9	-0.2	0.0	2.0	0.7	1.0	0.6	0.3	85.4%
Contribution profit	6.5	6.1	6.4	5.2	7.7	6.3	8.7	6.1		
Non-GAAP net profit	2.4	2.1	1.7	1.4	2.7	1.8	1.3	1.4	1.1	21.6%
( <b>%</b> )										
Gross margin	27.4	27.4	25.5	25.2	27.9	22.7	23.0	20.7	22.2	-1.5 ppt
Operating profit margin	5.5	5.1	-0.9	0.1	8.6	3.2	3.2	2.5	1.4	1.1 ppt
Contribution profit margin	33.4	34.2	31.8	31.7	33.0	28.1	28.0	26.1		
Non-GAAP net profit margin	12.1	12.1	8.5	8.5	11.5	7.9	4.3	6.0	5.1	0.9 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: BEKE: forecast revision

RMB bn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	108.7	120.6	130.2	110.6	123.1	133.4	-1.7%	-2.1%	-2.4%
Gross profit	26.3	29.6	32.4	27.5	31.3	34.4	-3.2%	-3.8%	-4.3%
Operating profit	4.9	7.7	9.4	6.0	9.1	10.9	-16.5%	-13.9%	-13.4%
Non-GAAP net profit	7.3	9.2	10.4	8.4	10.7	12.2	-10.2%	-11.5%	-12.0%
Gross margin	24.2%	24.6%	24.9%	25.2%	25.4%	25.4%	-0.4 ppt	-0.4 ppt	-0.5 ppt
Operating margin	4.5%	6.4%	7.2%	5.7%	6.6%	6.6%	-0.8 ppt	-0.9 ppt	-0.9 ppt
Non-GAAP net margin	6.7%	7.60%	8.0%	8.7%	9.0%	9.0%	-0.6 ppt	-0.8 ppt	-0.9 ppt

Source: Company data, CMBIGM estimates

**Figure 3: BEKE: estimates vs consensus**

RMB bn	CMBI estimates			Consensus			Diff (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	108.7	120.6	130.2	109.2	123.5	138.0	-0.4%	-2.4%	-5.6%
Gross profit	26.3	29.6	32.4	25.8	29.9	34.2	2.0%	-0.7%	-5.1%
Non-GAAP net profit	7.3	9.2	10.4	8.0	9.7	11.5	-9.3%	-5.9%	-8.9%
Gross margin	24.2%	24.6%	24.9%	23.6%	24.2%	24.8%	0.6 ppt	0.4 ppt	0.1 ppt
Non-GAAP net margin	6.7%	7.6%	8.0%	7.4%	7.9%	8.3%	-0.7 ppt	-0.3 ppt	-0.3 ppt

Source: Company data, Bloomberg, CMBIGM estimates

**Figure 4: BEKE: core DCF valuation**

(RMBmn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NPV of FCF	49,941	46,781	45,556	43,852	40,310	35,752	29,966	22,947	14,426
Discounted terminal value	83,563	92,316							
Enterprise value	133,504	139,097							
Net cash	61,927	69,239							
Equity value	195,431	208,336							
No. of ADS (diluted, mn)	1,175	1,175							
Valuation per ADS (USD)	23.6								

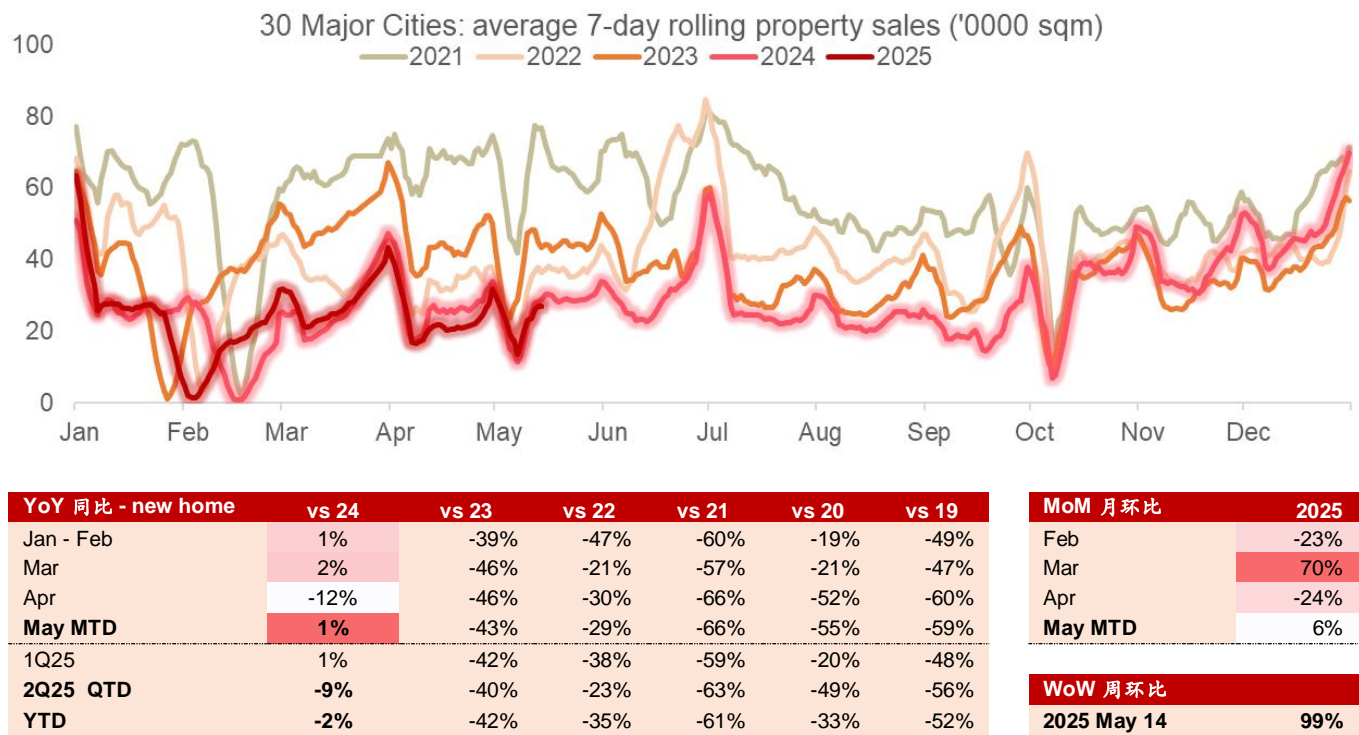
Source: CMBIGM estimates

Note: 1) we assume USD:RMB exchange rate = 7.2:1; 2) we are using weighted average of 8-month valuation in 2025E and 4-month valuation in 2026E

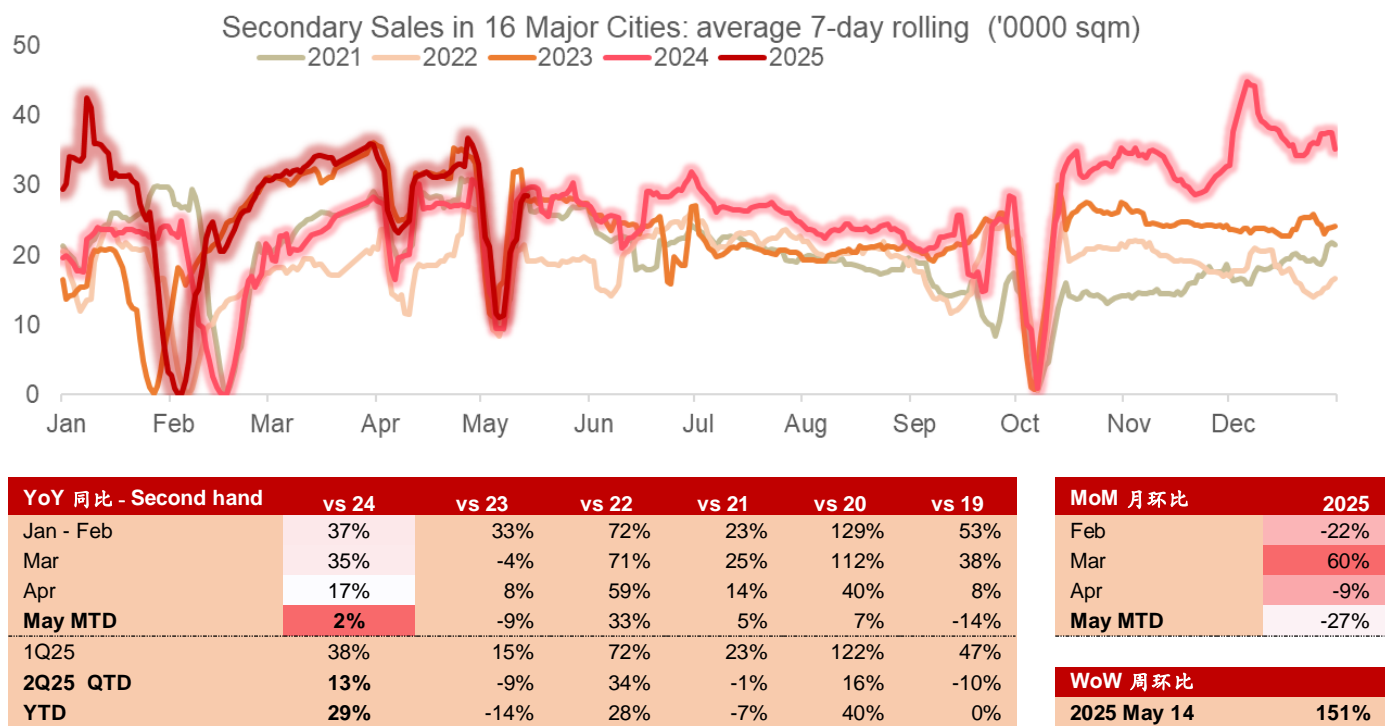
**Figure 5: BEKE: SOTP valuation**

(RMBmn)	2025E
Beike Core	199,733
Shengdu	8,000
Total Beike valuation	207,733
Total Beike valuation (USDmn)	28,852
Valuation per ADS (USD)	24.6

Source: Company data, CMBIGM estimates

**Figure 6: YTD new home sales went down 2% YoY**

Source: Wind, CMBIGM (data as of 14 May 2025)

**Figure 7: YTD secondary home sales went up 29% YoY**

Source: Wind, CMBIGM (data as of 14 May 2025)

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	60,669	77,777	93,457	108,718	120,552	130,180
Cost of goods sold	(46,888)	(56,059)	(70,513)	(82,383)	(90,906)	(97,770)
Gross profit	13,781	21,718	22,944	26,335	29,645	32,410
Operating expenses	(14,614)	(16,921)	(19,179)	(21,406)	(21,988)	(23,054)
SG&A expense	(11,920)	(14,891)	(16,744)	(18,750)	(19,103)	(19,978)
R&D expense	(2,546)	(1,937)	(2,283)	(2,656)	(2,885)	(3,077)
Others	(148)	(93)	(152)	0	0	0
Operating profit	(833)	4,797	3,765	4,929	7,657	9,356
Other income	1,569	1,869	1,566	1,409	1,268	1,268
Other expense	(719)	(133)	(44)	0	0	0
Investment gain/loss	(512)	78	313	0	0	0
Share of (losses)/profits of associates/JV	45	9	10	0	0	0
Interest income	743	1,263	1,260	1,277	1,429	1,594
Pre-tax profit	292	7,884	6,870	7,615	10,355	12,218
Income tax	(1,690)	(1,994)	(2,792)	(2,741)	(3,473)	(3,968)
After tax profit	(1,397)	5,890	4,078	4,874	6,882	8,250
Minority interest	11	(6)	(13)	(13)	(13)	(13)
Net profit	(1,386)	5,883	4,065	4,861	6,868	8,237
Core net profit	(1,386)	5,883	4,065	4,861	6,868	8,237
Adjusted net profit	2,843	9,798	7,211	7,296	9,179	10,451

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	70,425	69,754	76,603	85,472	93,905	102,929
Cash & equivalents	19,413	19,635	11,443	20,898	28,210	35,997
Restricted cash	6,181	6,223	8,858	9,301	9,766	10,255
Account receivables	4,163	3,176	5,498	4,287	4,533	4,903
Other current assets	40,667	40,720	50,804	50,985	51,396	51,774
Non-current assets	38,923	50,578	56,546	58,397	62,463	66,585
PP&E	2,037	1,965	2,400	2,491	2,636	2,841
Right-of-use assets	11,284	17,618	23,367	27,367	31,367	35,367
Intangibles	1,687	1,067	858	(1,382)	(1,461)	(1,544)
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	143,869	156,368	169,514
Current liabilities	33,341	39,524	52,744	58,556	62,124	65,068
Short-term borrowings	619	290	288	288	288	288
Account payables	5,843	6,329	9,493	12,414	13,698	14,733
Other current liabilities	14,528	13,175	15,913	17,580	18,985	20,188
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	8,492	9,371	10,078
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	67,513	71,081	74,025
Share capital	0	0	0	0	0	0
Retained earnings	(11,406)	(5,673)	(1,724)	3,137	10,006	18,242
Other reserves	80,326	77,773	73,048	73,081	75,130	77,083
Total shareholders equity	68,920	72,100	71,324	76,218	85,136	95,325
Minority interest	134	101	124	137	151	164
Total equity and liabilities	109,347	120,332	133,149	143,869	156,368	169,514

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	292	7,884	6,870	7,615	10,355	12,218
Depreciation & amortization	1,089	932	691	951	981	1,007
Tax paid	1,690	1,994	2,792	2,741	3,473	3,968
Change in working capital	5,036	2,075	1,925	2,978	(871)	(1,604)
Others	354	(1,471)	(2,831)	(3,308)	(4,897)	(5,983)
<b>Net cash from operations</b>	<b>8,461</b>	<b>11,414</b>	<b>9,447</b>	<b>10,978</b>	<b>9,040</b>	<b>9,605</b>
<b>Investing</b>						
Capital expenditure	(793)	(874)	(1,037)	(943)	(1,046)	(1,129)
Acquisition of subsidiaries/ investments	5,420	(5,595)	(11,886)	0	0	0
Others	(13,099)	2,492	3,545	(136)	(218)	(200)
<b>Net cash from investing</b>	<b>(8,472)</b>	<b>(3,977)</b>	<b>(9,378)</b>	<b>(1,080)</b>	<b>(1,264)</b>	<b>(1,329)</b>
<b>Financing</b>						
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
<b>Net cash from financing</b>	<b>(1,155)</b>	<b>(7,218)</b>	<b>(5,795)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	26,732	25,594	25,857	20,301	30,199	37,976
Exchange difference	29	45	169	0	0	0
<b>Cash at the end of the year</b>	<b>25,594</b>	<b>25,857</b>	<b>20,301</b>	<b>30,199</b>	<b>37,976</b>	<b>46,252</b>
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Revenue	(24.9%)	28.2%	20.2%	16.3%	10.9%	8.0%
Gross profit	(12.9%)	57.6%	5.6%	14.8%	12.6%	9.3%
Operating profit	na	na	(21.5%)	30.9%	55.4%	22.2%
Net profit	na	na	(30.9%)	19.6%	41.3%	19.9%
Adj. net profit	23.9%	244.7%	(26.4%)	1.2%	25.8%	13.9%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
Gross profit margin	22.7%	27.9%	24.6%	24.2%	24.6%	24.9%
Operating margin	(1.4%)	6.2%	4.0%	4.5%	6.4%	7.2%
Adj. net profit margin	4.7%	12.6%	7.7%	6.7%	7.6%	8.0%
Return on equity (ROE)	(2.0%)	8.3%	5.7%	6.6%	8.5%	9.1%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
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
<b>YE 31 Dec</b>						
P/E	ns	29.1	40.1	33.6	23.8	19.8
P/E (diluted)	ns	29.8	42.2	35.2	24.9	20.8
P/B	2.5	2.4	2.5	2.2	2.0	1.8
P/CFPS	22.5	16.4	20.5	17.2	21.6	20.4

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



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**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

## CMB International Global Markets Limited

**Address:** 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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