



China | TMT

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Kuaishou Technology (1024 HK)

Kling AI's 3Q25 growth exceeded expectations

3Q25 adj NP up 26.2% YoY to Rmb5.0bn on better sales and margins

Kuaishou's 3QFY25 revenue was up by 14.2% YoY to Rmb35.6bn, mainly due to i) 14% YoY increase in online marketing services to Rmb20.1bn, driven by the use of AI technology to upgrade marketing product solutions; ii) 2.5% YoY increase in live streaming biz to Rmb9.6bn on continuously diversifying high-quality content; and iii) 41% YoY increase in other services to Rmb5.9bn on the growth of its e-commerce biz and Kling AI biz. GPM slightly up by 0.3ppt YoY to 54.7% on lower D&A and lower bandwidth expenses and serve custody costs. Selling expense ratio dropped from 33.3% in 3Q24 to 29.3% in 3Q25 due to improved operating efficiency. Admin cost down 14% YoY to Rmb688m due to decrease in employee benefit expenses, while R&D cost up by 18% YoY to Rmb3.7bn due to increased investments in AI. As a result, after excluding one off items such as share-based compensation expenses and FV investment changes, 3Q25 adj NP was up by 26.2% to Rmb5.0bn.

E-commerce GMV up 15.2% YoY

In 3Q25, average DAUs on Kuaishou App up 2.1% YoY to 416m, making the third consecutive quarter of record highs, with total user time spent rose by 3.6% YoY and average daily time spent was at 134 minutes. E-commerce GMV up by 15.2% YoY to Rmb385bn. Small to mid-sized merchants grew robustly during the quarter and the company continued to attract new merchants onboard organically by lowering onboarding costs and reducing entry barriers for new joiners. Average monthly active merchants continue to grow healthily. Pan-shelf-based GMV outperformed overall GMV growth with a 13% YoY increase in avg daily active merchants, and accounted for 32% of total GMV.

Live streaming continued to grow steadily

As for its live streaming biz, with the number of partner talent agencies grew by 17% YoY, while talent agency-managed streamers up by 20% YoY. Kling-powered "AI Universe" (AI 万象) gift customization allows streamers to generate personalized avatar-based virtual gifts in real-time, materially increasing user willingness-to-pay and time spent in rooms. On launch day alone in late Sept, users paid to create and send over 100,000 personalized virtual gifts. Its live-streaming+ strategy on traditional sectors such as Kuai Hire "快聘" and Ideal Housing "理想家" continue to grow, with daily number of users submitting resumes in Kuai Hire up >20%, while monthly number of paying clients in Ideal Housing up >90% YoY.

Kling AI's revenue exceeded Rmb300m in 3Q25

Kling AI's revenue in 3Q25 exceeded Rmb300m, and with Kling AI 2.5 Turbo model launched in late Sept. The model ranked the world's No. 1 text-to-video model and image-to-video model by Artificial Analysis, a well-known AI benchmarking platform. Video quality and processing fluency have been greatly enhanced, reducing creators' per-video generation costs by almost 30.0%, paving the way for scaled commercialization. The upgrade strengthens Kling's usability and willingness to pay in professional scenarios such as ads, micro-dramas, and e-commerce. Management indicated Kling AI revenue exceeded RMB300m in 3Q25 and guided 2025 full-year revenue to above USD140m, well ahead of the ~USD60m target at the start of the year, underscoring simultaneous expansion in product capability and user demand.

Trading at an attractive valuation compare to peers

Kuaishou is currently trading attractively at 12.2x/10.6x FY25/FY26PE, which is much lower than peers average of 16.0x/14.6x.

NON-RATED

Last Price (HK\$)*	63.15
Target Price (HK\$)	N/A
Upside / (Downside)(%)	N/A
Previous rating	NON-RATED
Previous TP	N/A
Hang Seng Index*	25,300.28
*Prices as of mid-day close 21-Nov-25	

Key Data

Ticker	1024 HK
Market Cap (HK\$m)	273,807
3M avg daily T/O (HK\$m)	3,013.1
52-week High (HK\$)	92.60
52-week Low (HK\$)	37.90
Free Float (%)	52.5%
Shares O/S (m)	3,608.2

Performance	Absolute	Relative
1 month	-16.4%	-14.0%
3 months	-12.0%	-12.7%
6 months	25.4%	18.1%

Price Chart



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Figure 1 Peers table (as of 21 Nov 2025 mid day closing price)

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o (US\$m)	P/E (x)		FY1-FY3 EPS Cagr (%)	FY1 PEG (x)	Div Yld (%)		P/B (x)		ROE (%)		ROIC Hist (%)	Share px chg (%)		
					FY1	FY2			FY1	FY2	Hist	FY1	Hist	FY1		1-mth	3-mth	12-mth
HSI		25,300			12.5	11.1	11.4	1.09	3.1	3.2	1.38	1.33	10.7	10.3		(2.8)	0.8	29.1
HSCEI		8,947			11.6	10.3	12.8	0.91	2.8	3.0	1.31	1.25	11.5	10.6		(3.8)	(0.3)	27.2
CSI300		4,476			16.1	14.0	14.0	1.15	2.5	2.7	1.78	1.70	10.2	10.6		(2.9)	4.4	12.2
Sector Average					16.0	14.6	21.1	0.9	0.8	0.8	3.3	2.5	16.1	10.5	9.8	(9.0)	3.0	21.1
Sector Median					14.9	14.8	15.6	0.8	0.5	0.4	2.8	2.8	16.2	9.9	10.8	(9.8)	(2.9)	31.9
Tencent	700 HK	611.00	717,808	1,402.6	19.9	17.6	12.6	1.59	0.9	1.0	4.36	4.35	20.9	20.8	12.7	(3.1)	3.0	49.9
Baba-W	9988 HK	148.50	364,161	2,467.1	22.1	16.1	29.4	0.75	0.8	0.8	N/A	2.54	15.2	9.9	8.8	(10.1)	28.3	77.4
Meituan-W	3690 HK	95.45	74,941	872.4	N/A	21.5	N/A	N/A	0.0	0.0	2.62	3.13	17.1	(7.7)	13.0	(1.1)	(18.5)	(44.7)
Jd-Sw	9618 HK	110.50	41,261	239.3	10.7	8.1	33.4	0.32	2.8	2.8	N/A	1.18	14.0	9.9	3.8	(14.1)	(8.8)	(19.9)
Bidu-Sw	9888 HK	106.40	38,338	314.1	14.9	13.5	14.6	1.02	0.0	0.0	N/A	0.94	3.4	5.4	(0.8)	(9.4)	25.2	26.9
Kuaishou-W	1024 HK	63.15	35,175	387.1	12.2	10.6	15.6	0.78	0.3	0.0	2.79	3.11	26.1	24.8	21.2	(16.4)	(11.4)	37.0

Source: Company data, Crosby Securities

Summary financials

Yr ended 31 Dec	FY 2022	FY 2023	FY 2024
Income Statement (CNY'm)			
Revenue	94,183	113,470	126,898
YoY%	16.2	20.5	11.8
Gross profit	42,131	57,391	69,292
YoY%	23.8	36.2	20.7
EBITDA	(6,017)	13,625	22,495
YoY%	(71.0)	N/A	65.1
Net profit	(13,690)	6,396	15,335
YoY%	(82.5)	N/A	139.8
EPS (Fully diluted)	(3.220)	1.440	3.480
YoY%	(84.2)	N/A	141.7
DPS	0.000	0.000	0.000
YoY%	N/A	N/A	N/A
Balance Sheets (CNY'm)			
Cash & Cash Equiv	13,274	12,905	12,697
ST Investments	13,813	26,078	27,283
AR	6,288	6,457	6,674
Inventories	0	0	0
Other current assets	12,483	14,921	16,215
Total Current Assets	45,858	60,361	62,869
PP&E	24,021	22,755	23,722
LT Investments	3,626	5,245	24,430
Other Non-curr assets	15,802	17,935	28,852
Total Non-Current Assets	43,449	45,935	77,004
Payables & Accruals	33,994	41,415	51,456
ST Debts	3,475	3,327	3,671
Other current Liabilities	3,240	4,036	4,701
Total Current Liabilities	40,709	48,778	59,828
LT Debts	8,721	8,405	17,865
Other LT Liabilities	39	39	156
Total Long-Term Liabilities	8,760	8,444	18,021
Shareholders' Equity	39,830	49,063	62,004
Minority interests	8	11	20
Total Equity	39,838	49,074	62,024
Total Debts	12,196	11,732	21,536
Net cash / (debts)	1,078	1,173	(8,839)

Yr ended 31 Dec	FY 2022	FY 2023	FY 2024
Cash Flow Statement (CNY'm)			
Net Income	(13,690)	6,396	15,335
Dep & Amort.	6,574	7,202	7,140
Working capital changes	(170)	4,859	7,510
Other adjustments	8,180	2,583	574
Cash From Operations (CFO)	894	21,040	30,559
YoY%	N/A	2,253	45.2
Capex	(5,100)	(4,897)	(8,063)
Other investments	(13,027)	(15,227)	(29,386)
Cash From Investing Activities	(18,127)	(20,124)	(37,449)
Free Cash Flow (CFO - Capex)	(4,206)	16,143	22,496
YoY%	(68.2)	N/A	39.4
Net change in debts	(1,413)	(464)	9,804
Shares issue & buyback (net)	54	(1,081)	(4,855)
Dividends	0	0	0
Others	(747)	260	1,733
Cash from Financing Activities	(2,105)	(1,285)	6,682
Opening cash	32,612	13,274	12,905
Net Changes in Cash	(19,338)	(369)	(208)
Closing cash	13,274	12,905	12,697
Ratios			
Gross margin	44.7%	50.6%	54.6%
Ebitda margin	-6.4%	12.0%	17.7%
Net margin	-14.5%	5.6%	12.1%
Payout	N/A	0.0%	0.0%
Effective tax	N/A	7.1%	1.0%
Ebit margin (%)	-12.7	6.6	12.9
Interest burden (x)	1.05	0.92	0.95
Tax burden (x)	1.09	0.93	0.99
Asset turnover (x)	1.04	1.16	1.03
Leverage (x)	2.14	2.20	2.22
ROE	-32.2%	14.4%	27.6%
ROIC	-26.8%	11.5%	22.7%
Total debts / Total Capital	23.4%	19.3%	25.8%
Net debts / SH Equity	Net cash	Net cash	14.3%

Source: Company data, Crosby Securities



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