Goldman Sachs Research

Equity Research

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CHINA EDUCATION MAY-26 TRACKER

Learning tablet GMV growth pressured by high base, yet ASP upward trend sustained; Student visa decline narrowed

We summarize key findings from the May 2026 updates of our China Education tracker, including AI education apps, AI learning tablets, mobile user engagement, tutoring licenses, overseas study trends, and East Buy.

- **Mobile user engagement/learning center capacity: i) ByteDance:** Doubao Study DAU growth accelerated to +146% yoy as of May-end and sustained the position of the 6th largest AI native app in China in terms of DAUs (Exhibit 1), while Gauth maintained its leadership with monthly billings +24% yoy to c.US$1.1mn; **ii) TAL:** MAU growth for **Xueersi.com** decelerated to +10% yoy in May and **Peiyou** MAU maintained +19% yoy growth. On the other hand, **offline non-academic tutoring licenses #** continued the downward trend in May (Exhibit 18).
- **AI learning tablets:** Combined online GMV of 6 major learning device brands dropped **-35% yoy** in May (vs. -2% yoy in Apr) on major e-commerce platforms against the high base last year. **TAL** sold **c.96k** units for **c.Rmb355mn** GMV in May (-24% yoy), with ASP yoy decline narrowing to -4%. **For TAL's 1QFY26 (May-Q)**, our tracked GMV dropped -1% yoy (vs. GSe of +11% yoy).
- **Overseas study:** Student visas # granted to Chinese for Canada, Australia and UK combined dropped **-9% yoy** in 1Q26 (Exhibit 20), narrowing down vs. -22%/-16% yoy in 1Q25/2025.
- **East Buy's GMV on Douyin** grew **+38% yoy/+7% mom** to c.Rmb1.0bn in May (vs. +42% yoy in Apr), driven by **new platforms' GMV** +246% yoy (vs. -2% yoy decline for the original 3 platforms, Exhibit 27). **East Buy app MAUs** increased +38% yoy in May (vs. +42% yoy in Apr).

Within our China Education coverage, we are Buy rated on New Oriental (EDU/9901.HK, details in our recent upgrade note Up to Buy; Valuation too compelling to ignore) and TAL Education (TAL); New Oriental is trading at 11x CY26E P/E or 3x ex.cash, while TAL is trading at 12x CY26E P/E or 4x ex.cash. We are Sell on East Buy (1797.HK) and Offcn Education (002607.SZ).

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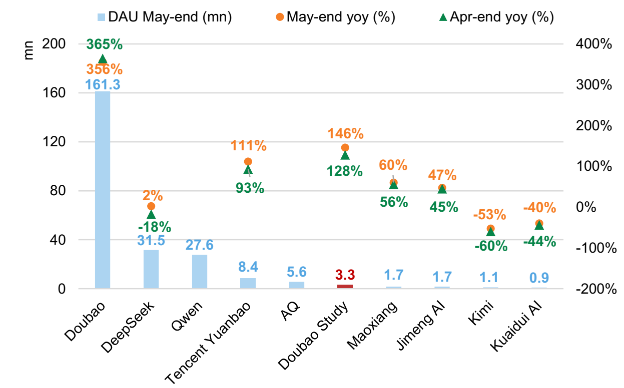
Mobile user engagement: Doubao Study/Gauth continued scaling up in

May; Peiyou app MAU steady growth vs. Xueersi.com growth moderated

AI education apps

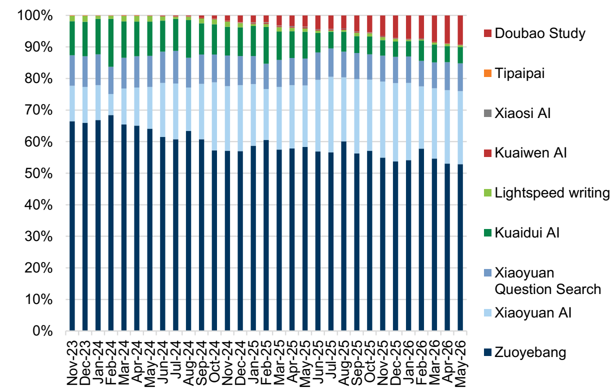
Exhibit 1: Doubao Study DAU growth accelerated to +146% yoy as of May-end and sustained the position of the 6th largest AI native app in China in terms of DAUs
DAUs of major AI apps as of Apr-end



Qwen: 75x/78x for Apr-end/May-end yoy growth

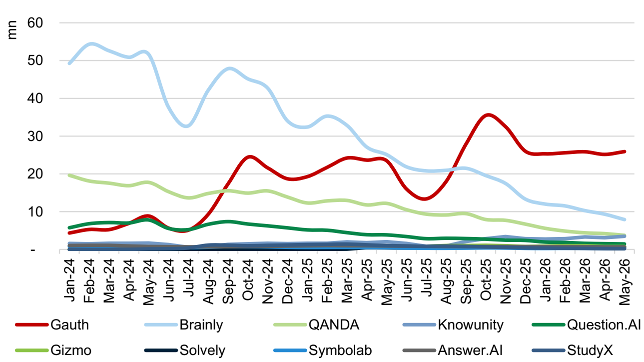
Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

Exhibit 2: Doubao Study continued to expand time spent market share among major K-12 learning tool/study companion apps in May
Time spent share among major K-12 learning tool/study companion apps



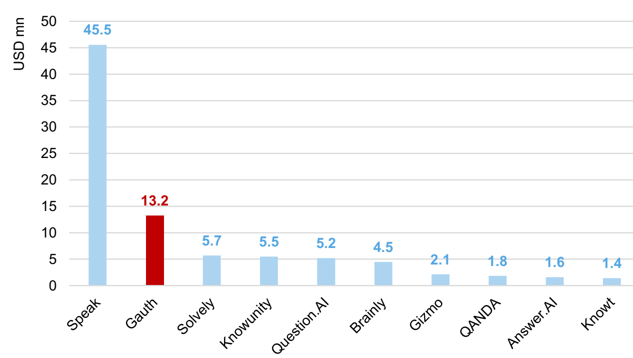
Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

Exhibit 3: Gauth has outperformed global AI-native education peers in terms of MAUs
MAUs by AI education apps (mn)



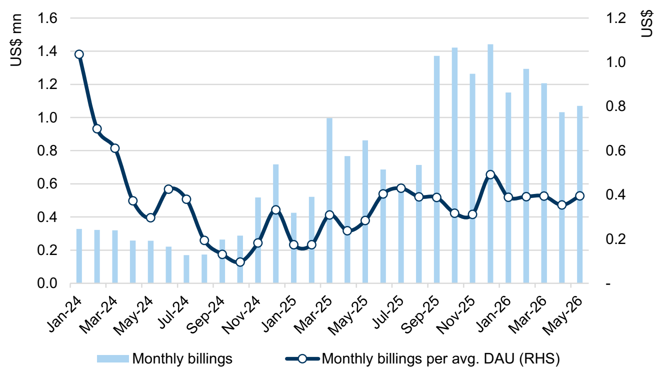
Source: Sensor Tower, Data compiled by Goldman Sachs Global Investment Research

Exhibit 4: Gauth achieved c.US$1.1mn billings with +24% yoy growth in May (vs. +35% yoy in Apr), bringing LTM billings to US$13.2mn
LTM billings by app (US$ mn)



Source: Sensor Tower, Data compiled by Goldman Sachs Global Investment Research

Exhibit 5: Gauth monthly billings per avg. DAU grew +39% yoy to US$0.4 in May (vs. +49% yoy in Apr)
Gauth monthly billings (US$ mn) and monthly billings per avg. DAU (US$)

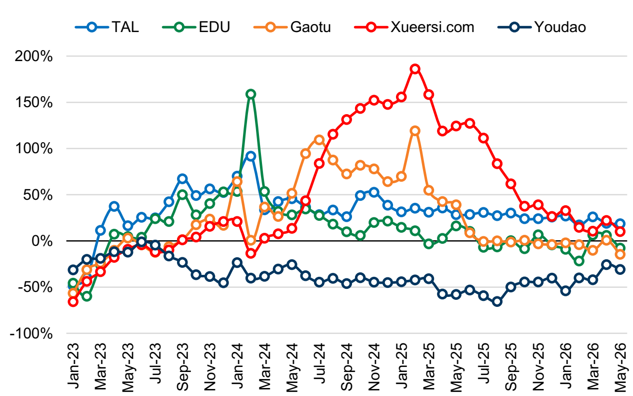


Source: Sensor Tower, Data compiled by Goldman Sachs Global Investment Research

K-12 tutoring user engagement

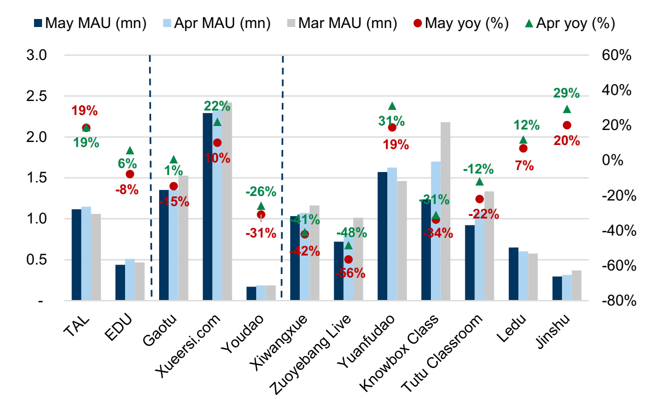
- **Online K-12 tutoring:** MAU growth for **non-academic tutoring platforms** decelerated to **+2% yoy** in May (excluding Youdao with continued MAU yoy decline) vs. +6%/+14% yoy in Mar/Apr, while MAUs for **not-for-profit subject tutoring platforms** dropped **-26% yoy** in May (vs. -20%/-21% yoy in Mar/Apr).
- **TAL's Xueersi.com MAU yoy growth decelerated in May:** Among pure online education apps, MAU growth for **Xueersi.com** decelerated to **+10% yoy** in May (vs. +10%/+22% yoy in Mar/Apr). MAU growth of **TAL Xueersi** (for Peiyou enrichment learning course registration and Peiyou Online course attendance) maintained **+19% yoy** in May (vs. +26%/+19% yoy in Mar/Apr), while MAU for EDU (for course registration) dropped -8% yoy in May (vs. +6%/+6% yoy in Mar/Apr).

Exhibit 6: MAU growth of Xueersi.com grew +10% yoy in May (vs. +22% yoy in Apr)
MAU yoy growth of major tutoring platforms (%)



Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

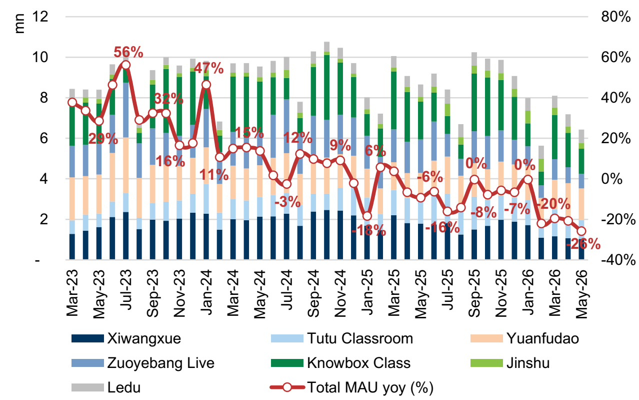
Exhibit 7: Xueersi.com and TAL still led MAU yoy growth within non-academic tutoring in May
MAUs of major non-academic tutoring platforms (mn)



Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

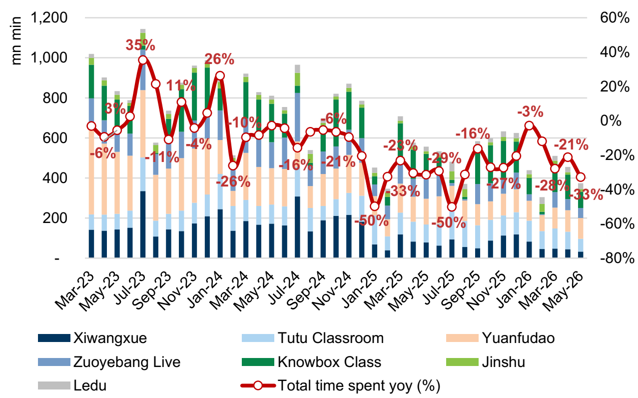
Exhibit 8: Not-for-profit subject tutoring platforms: Combined MAUs dropped -26% yoy in May (vs. -21% yoy in Apr)

MAUs of not-for-profit subject tutoring platforms



Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

Exhibit 9: Not-for-profit subject tutoring platforms: Total time spent dropped -33% yoy in May (vs. -21% yoy in Apr)



Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

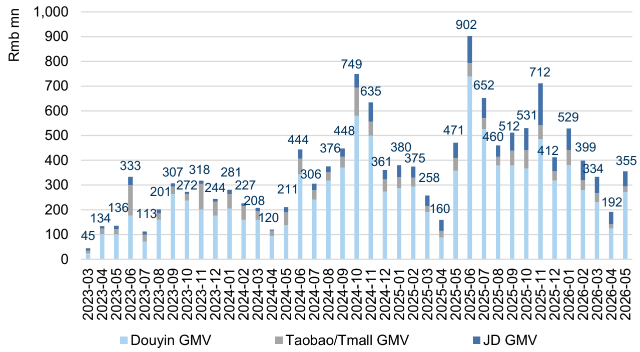
AI learning tablets: TAL tablet GMV -35% yoy in May or flattish yoy in May-Q; ASP yoy decline continued narrowing

- **GMV:** Combined GMV of 6 major learning device brands dropped **-35% yoy** or increased **+46% mom** in May (vs. -2% yoy/-47% mom in Apr) on Douyin/Taobao/Tmall/JD. By brand, GMV of **(+) Yuanfudao** increased +31% yoy in May, while **(-) iFlytek/TAL/Xiaodu/BBK/Zuoyebang** dropped -23%/-24%/-51%/-60%/-64% yoy.

  Specifically, **TAL** sold **c.96k** units for **c.Rmb355mn** GMV on major eCommerce platforms in May, with -21% yoy/+99% mom for **shipments** and -24% yoy/+85% mom for **GMV** (vs. +20% yoy/-42% mom for GMV in Apr). **ASP** of TAL learning tablets saw the **yoy decline narrowing to -4%**, while decreasing -7% mom to c.Rmb3.7k in May due to 618 promotional campaigns (vs. -5% yoy/+6% mom in Apr). **For TAL's 1QFY26 (May-Q)**, our tracked GMV dropped -1% yoy (below GSe of +11% yoy).

Exhibit 10: TAL's learning tablets GMV dropped -24% yoy or increased +85% mom in May on major eCommerce platforms (vs. +20% yoy/-42% mom in Apr)

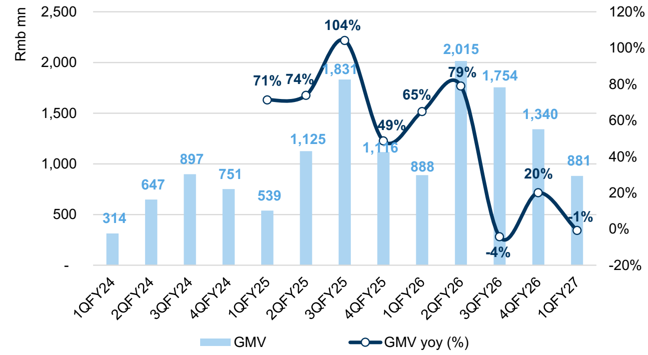
TAL's monthly online GMV on major eCommerce platforms



Source: Moojing, Chanmama, Data compiled by Goldman Sachs Global Investment Research

Exhibit 11: For 1QFY27 (May-Q), TAL's learning tablets GMV dropped -1% yoy on major eCommerce platforms (vs. +20% yoy in 4QFY26)

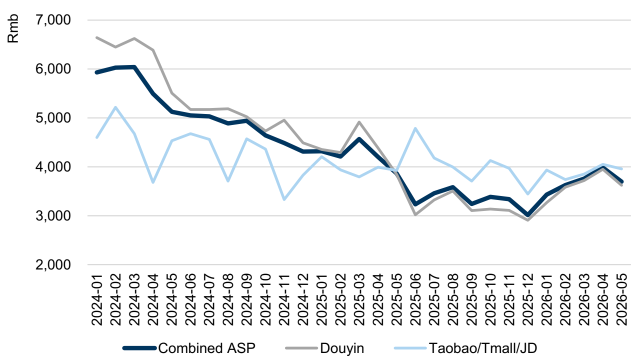
TAL's quarterly online GMV on major eCommerce platforms



Source: Moojing, Chanmama, Data compiled by Goldman Sachs Global Investment Research

Exhibit 12: ASP of TAL's learning tablets saw the yoy decline narrowed to -4% yoy or -7% mom decline in May (vs. -5% yoy/+6% mom in Apr)

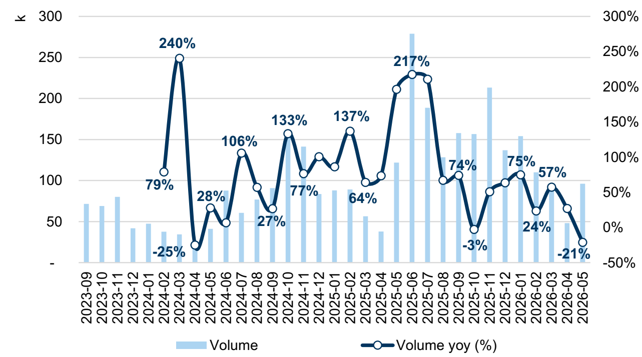
ASP trend of TAL's learning tablets on major eCommerce platforms



Source: Moojing, Chanmama, Data compiled by Goldman Sachs Global Investment Research

Exhibit 13: We estimate TAL's learning tablet volume -21% yoy/+99% mom in May on major eCommerce platforms (vs. +27% yoy/-46% mom in Apr)

Monthly volume of TAL's learning tablets on major eCommerce platforms

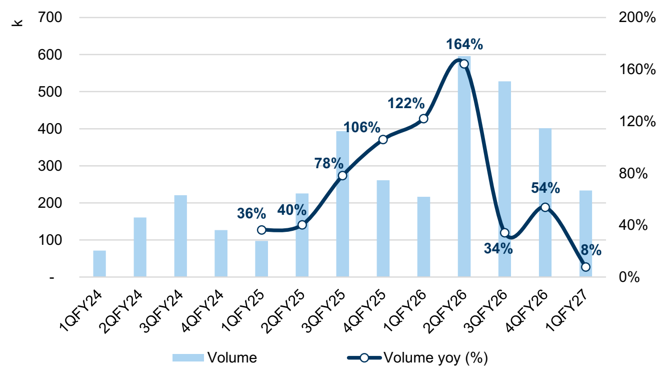


TAL's learning tablets total volume on Douyin is estimated by total GMV over ASP for TAL's major accounts on Douyin

Source: Moojing, Chanmama, Data compiled by Goldman Sachs Global Investment Research

Exhibit 14: For 1QFY27 (May-Q), TAL's learning tablets volume increased +8% yoy on major eCommerce platforms (vs. +54% yoy in 4QFY26)

Quarterly volume of TAL's learning tablets on major eCommerce platforms

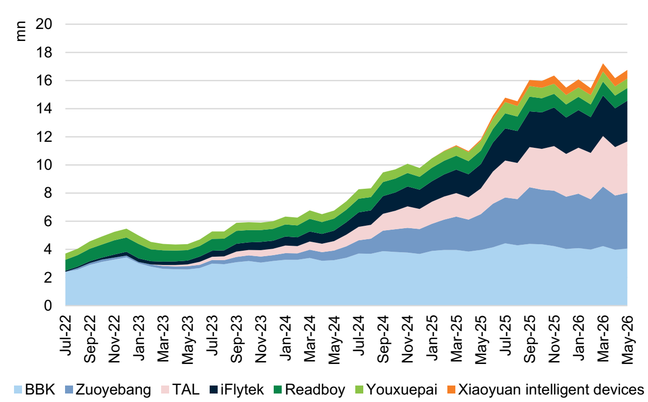


Source: Moojing, Chanmama, Data compiled by Goldman Sachs Global Investment Research

- **User engagement: MAUs** of major education device brands grew **+42% yoy/+4% mom** to c.16.7mn in May (vs. +47% yoy/-6% mom in Apr). For TAL, MAUs of the **Xueersi Smart app** grew **+100% yoy/+6% mom** to c.3.6mn in May (vs. +117% yoy/-5% mom in Apr).

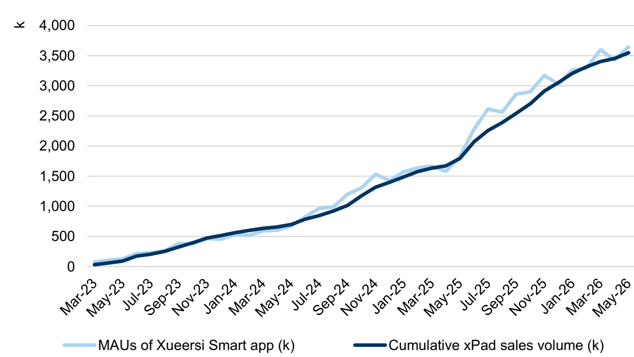
Exhibit 15: Active users of TAL and Zuoyebang learning tablets grew +100% yoy/+56% yoy in May (vs. +117% yoy/+70% yoy in Apr)

MAUs of smart education device apps (mn)



Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

Exhibit 16: For TAL, MAUs of the Xueersi Smart app grew +100% yoy/+6% mom to c.3.6mn in May (vs. +117% yoy/-5% mom in Apr)



Source: Questmobile, Moojing, Data compiled by Goldman Sachs Global Investment Research

After-school tutoring capacity: Non-academic tutoring licenses # continued to shrink mom in May

- The number of **non-academic tutoring** institutions further dropped **-0.2% mom** to 117.3k in May (vs. -0.2% mom in Apr), while **Grade 1-9 non-academic tutoring institutions count** declined **-0.2% mom** in May (vs. -0.2% mom in Apr). For-profit offline non-academic tutoring licenses dropped -0.2% mom in May (vs. flat mom in Apr).

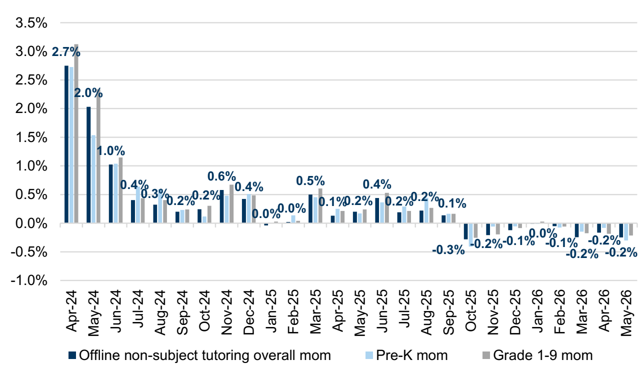
- The number of **subject tutoring** institutions dropped **-0.1% mom** to 9,015 in May (vs. -0.4% mom in Apr), mainly driven by -0.2% mom of Grade 1-9 not-for-profit subject tutoring institutions vs. -0.1% mom of high school subject tutoring institutions.

Exhibit 17: Breakdown of after-school tutoring licenses (May 2026)

	Offline			Online			Total			
	For-profit	Not-for-profit	Subtotal	For-profit	Not-for-profit	Subtotal	For-profit	Not-for-profit	Subtotal	Not-for-profit %
Subject	**2,373**	**6,603**	**8,976**	**1**	**38**	**39**	**2,374**	**6,641**	**9,015**	**74%**
Pre-K	-	-	-	-	-	-	-	-	-	-
Grade 1-9	-	3,917	3,917	-	32	32	-	3,949	3,949	100%
High school	2,271	3,837	6,108	1	29	30	2,272	3,866	6,138	63%
Non-subject	**102,734**	**14,607**	**117,341**	**13**	**-**	**13**	**102,747**	**14,607**	**117,354**	**12%**
Pre-K	52,620	6,118	58,738	-	-	-	52,620	6,118	58,738	10%
Grade 1-9	97,835	12,298	110,133	13	-	13	97,848	12,298	110,146	11%
High school	35,007	4,620	39,627	5	-	5	35,012	4,620	39,632	12%
Total	**105,107**	**21,210**	**126,317**	**14**	**38**	**52**	**105,121**	**21,248**	**126,369**	**17%**

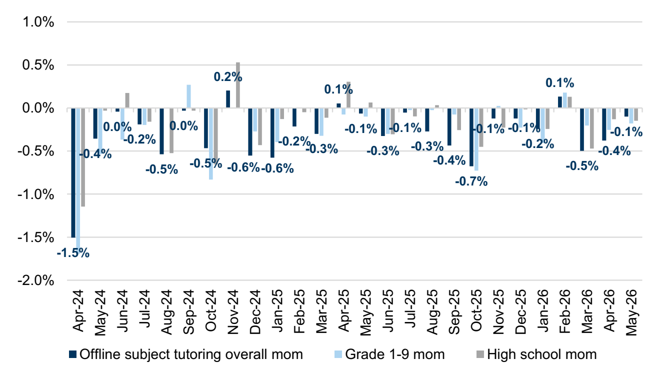
Source: MOE, Data compiled by Goldman Sachs Global Investment Research

Exhibit 18: The number of offline non-academic tutoring licenses further dropped -0.2% mom in May (vs. -0.2% mom in Apr)...



Source: MOE

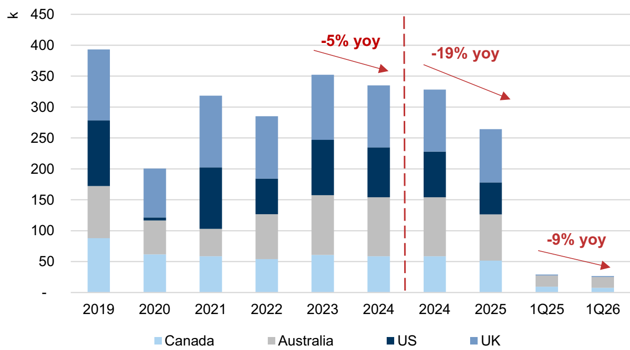
Exhibit 19: ...while offline licensed subject tutoring supply dropped -0.1% mom in May (vs. -0.4% mom in Apr)



Source: MOE

Overseas study: Canada/Australia/UK student visas # combined dropped -9% yoy in 1Q26

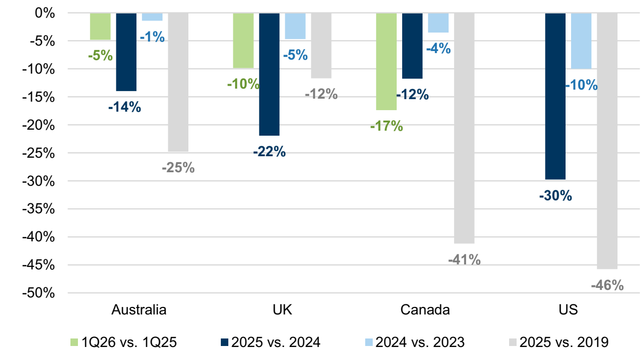
Exhibit 20: Student visas # granted to Chinese for Canada, Australia, and UK combined dropped -9% yoy in 1Q26



2025 vs. 2024: US F-1 visa issuance data is compared for the Jan-Sep period of 2024/2025, while UK/Canada/Australia reflects full-year data for 2024/2025. 1Q26 vs. 1Q25: Data exclude the U.S.

Source: US Department of State, Gov.uk, Canada.ca, Homeaffairs.gov.au, Data compiled by Goldman Sachs Global Investment Research

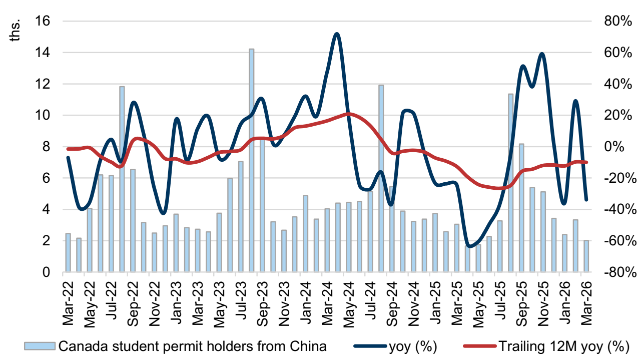
Exhibit 21: Chinese student visas issued by Australia declined -5% yoy in 1Q26, while those issued by the UK/Canada dropped -10%/-17% yoy
% change of student visas # granted to Chinese



US F-1 visa issuance data is compared for the Jan-Sep period of 2019/2024/2025

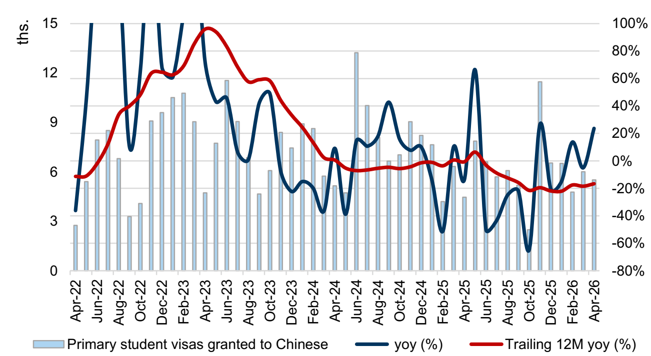
Source: US Department of State, Gov.uk, Canada.ca, Homeaffairs.gov.au, Data compiled by Goldman Sachs Global Investment Research

Exhibit 22: Canada student visas granted to Chinese dropped -34% yoy in Mar (vs. +29% yoy in Feb)
Canada student permit holders from China



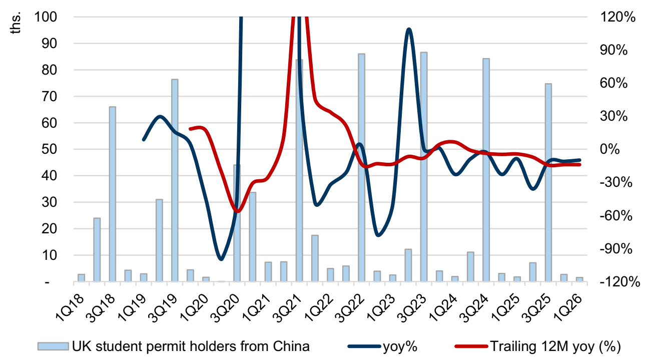
Source: Government of Canada

Exhibit 23: Australia student visas granted to Chinese increased +24% yoy in Apr (vs. -5% yoy in Mar)
Australia student visas granted to Chinese



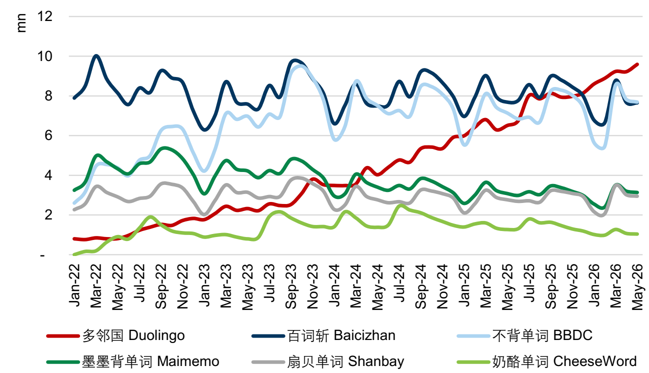
Source: Australia Department of Education

Exhibit 24: UK student visas granted to Chinese dropped -10% yoy in 1Q26 (vs. -11% yoy in 4Q25)
UK student permit holders from China



Source: Government of UK

Exhibit 25: Duolingo maintained its leading position among language learning apps in China by MAU in May, likely driven by non-English learning demand
MAUs of major language learning apps in China

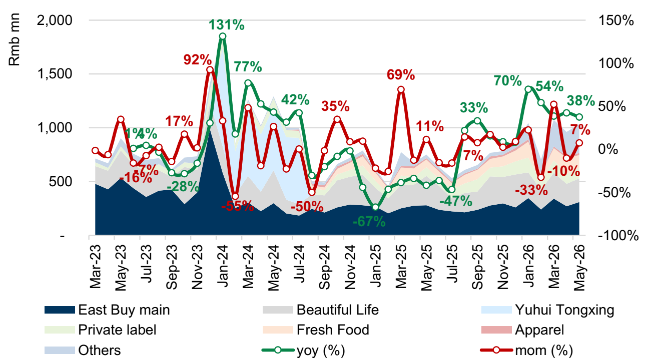


Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

East Buy: Douyin GMV increased +38% yoy/+7% mom in May driven by new platforms, while app MAUs grew +38% yoy

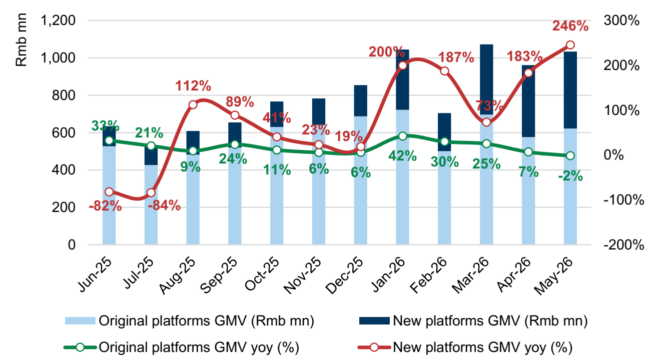
- **East Buy's GMV on Douyin** grew **+38% yoy/+7% mom** to c.Rmb1.03bn in May (vs. +42% yoy/-10% mom in Apr). **By platforms**, East Buy GMV from **new platforms** grew +246% yoy in May (vs. +183% yoy in Apr), while GMV from the original platforms (including East Buy main, Beautiful Life and Private Label) dropped -2% yoy in May (vs. +7% yoy in Apr). **By product,** 1P private label GMV contributed 29% of total GMV in May (vs. 28% in Apr), according to data from Chanmama. **For 2HFY26,** our tracked East Buy GMV increased **+40% yoy** to c.Rmb5.67bn.
- **Traffic and conversion: East Buy main** channel saw -21% yoy/-8% mom decline in daily viewership, while gaining 5k followers in May; for the **Beautiful Life channel**, daily viewership dropped -11% yoy/-12% mom in May, while gaining 77k followers.
- **East Buy app MAUs** increased **+38% yoy** or dropped -7% mom in May (vs. +42% yoy/-1% mom in Apr).

Exhibit 26: East Buy monthly GMV on Douyin grew +38% yoy/+7% mom to c.Rmb1.03bn in May (vs. +42% yoy/-10% mom in Apr)
East Buy monthly GMV on Douyin (Rmb mn)



Source: Chanmama, Data compiled by Goldman Sachs Global Investment Research

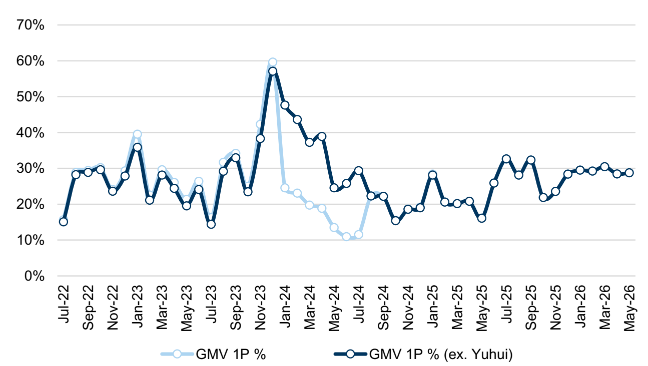
Exhibit 27: East Buy GMV from new platforms grew +246% yoy in May (vs. +183% yoy in Apr), while GMV from the original platforms dropped -2% yoy in May (vs. +7% yoy in Apr)
East Buy GMV by original platforms and new platforms (Rmb mn)



Original platforms refer to East Buy main, Beautiful Life and Private label platforms

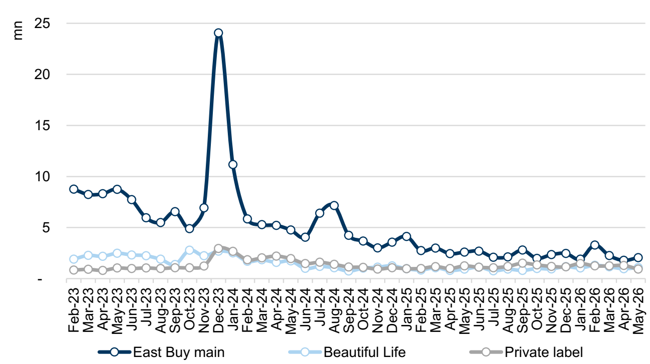
Source: Chanmama, Data compiled by Goldman Sachs Global Investment Research

Exhibit 28: East Buy's GMV from 1P products increased to 29% in May (vs. 28% in Apr)
East Buy's GMV by 1P/3P



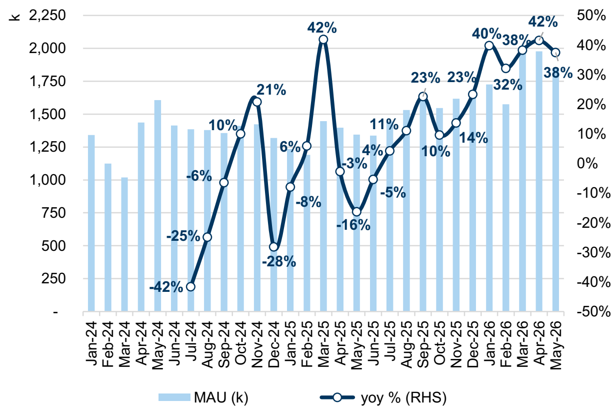
Source: Chanmama, Data compiled by Goldman Sachs Global Investment Research

Exhibit 29: Avg. live viewers per stream by major Douyin accounts



Source: Chanmama, Data compiled by Goldman Sachs Global Investment Research

Exhibit 30: East Buy app MAUs increased +38% yoy or dropped -7% mom in May (vs. +42% yoy/-1% mom in Apr)



Source: Questmobile, Data compiled by Goldman Sachs Global Investment Research

Price Target Risks and Methodology - New Oriental Education & Technology

We are Buy rated. Our SOTP-based 12m target prices for EDU/9901.HK are **US$65/HK$50**, based on FY27E **i)** 13x EV/NOPAT on high-school tutoring; **ii)** 12x EV/NOPAT on other traditional business (including overseas test prep and consulting, college test prep, etc.) and new initiatives (including non-academic tutoring, learning solutions, tourism); **iii)** our target valuation of East Buy attributable to New Oriental; **iv)** US$3.0bn net cash balance after excluding deferred revenue; and v) a 10% holdco discount. Key risks: 1) Industry TAM pressure from shrinking K12 demographics; 2) Pricing pressure due to competition and/or rising consumer discretionary attribute; 3) Further disruption to demand for overseas study; 4) AI disruption to learning scenarios; 5) Below-expected operating efficiency and margin improvement; 6) Regulatory changes in the education sector.

Price Target Risks and Methodology - East Buy

We are Sell rated. Our 12-month target price of **HK$12.4** is based on a 15x target P/E multiple applied to our FY27E EPS, benchmarking average P/E multiples of China e-commerce platforms, and China F&B and household product brands. **Key upside risks:** Stronger East Buy GMV growth, faster ramp-up of new sales channels, above-expected launch of private-label products, support from parent company, success of new business development, improved shareholder returns.

Price Target Risks and Methodology - TAL Education Group

We are Buy rated. Our SOTP-based 12m target price for TAL is US$15.2, based on mid-CY26E/27E 1) 13x target EV/NOPAT for high school tutoring; 2) 19x target EV/NOPAT for enrichment learning and others; 3) 16x target EV/NOPAT for content solutions assuming normalized OPM of 5%; 4) US2.6bn net cash after excluding deferred revenue; and 5) a 10% holdco discount. **Key risks:** 1) weaker-than-expected offline capacity expansion; 2) regulatory changes in the education sector; 3) unsatisfactory product launch for smart learning tablets; and 4) challenges in exploring overseas business.