First Read

Kuaishou Technology

2026 Investor Day and Innovative Creator Conference key takeaways

Equities

China

Internet Services

12-month rating **Buy**

12m price target **HK$60.00**

Price (28 Aug 2026) **HK$33.46**

RIC: 1024.HK **BBG:** 1024 HK

Trading data and key metrics

52-wk range	HK$91.85-33.02
Market cap.	HK$145b/US$18.4b
Shares o/s	4,319m (ORD)
Free float	81%
Avg. daily volume ('000)	63,060
Avg. daily value (m)	HK$2,659
Common s/h equity (12/26E)	Rmb85.8b
P/BV (12/26E)	1.4x
Net debt to EBITDA (12/26E)	1.3x

EPS (UBS, diluted) (CNY)

	UBS	Cons.
12/26E	2.03	2.51
12/27E	2.52	2.69
12/28E	2.98	3.17

Kenneth Fong
Analyst
kenneth-kc.fong@ubs.com
+852-3712 3890

Jenny Yuan
Analyst
S1460525030004
jenny-za.yuan@ubs.com
+86-21-3866 8912

Wei Xiong
Analyst
S1460518100005
wei.xiong@ubs.com
+86-21-3866 8883

Conveying confidence in core business's ability to weather near term pressure

Management remains confident that its core commerce businesses can weather the near term macro challenges and gradually stabilise and bottom out, underpinned by: **1)** short-form video still as the most durable online media growth segment over the next 2–3 years; **2)** Kuaishou's differentiated "Lao Tie" community, driving trust-based ecosystem and user engagement; **3)** ongoing commercial ecosystem optimisation; and **4)** a strong balance sheet, with cRmb100bn cash providing flexibility for AI investment and core business development while maintaining cost discipline and ROI focus. Management acknowledged near term pressure on consumer demand and merchant sentiment amid macro headwinds, combined with merchant support initiatives incl. lower commission rates and traffic subsidies, has weighed on near-term GMV and monetisation growth. Looking ahead, e-commerce strategy will remain centered on supporting merchants and KOLs, strengthening merchandise supply and brand engagement, improving merchant ROI through refined operational tools and better subsidy efficiency. Management expects the business could gradually bottom out next year. AI is also an increasingly important enabler across content and commerce: 1) in content, it lowers content creation cost and enables AI-assisted creation and 24/7 livestreaming; and 2) in commerce, it strengthens content-product-user matching to enhance conversion efficiency and monetisation.

Kling remains committed to advancing model capability leadership

Management did not provide a specific timeline for Kling's next major upgrade (UBSe: Q3E). The next iteration will still target professional creator workflows, with enhancements in visual quality, generation length, camera controls, physical-world simulation, and agent capabilities. Management highlighted Kling's competitive advantages: **1)** focus on professional creators and production-grade use cases, and **2)** ability to pursue non-consensus technology paths ahead of peers. In China, adoption is led by short dramas/AI anime, while long-form online series and film remain underpenetrated. Overseas, media production and ad are still relatively early in AI adoption, creating ample monetisation opportunities. Management expects improving model capabilities to support competitiveness, broader enterprise adoption, and sustained ARR growth. Management reiterated its Rmb26bn AI Capex guidance for 2026, with c70% allocated to Kling development. Following the completion of Kling's standalone financing, the procured computing capacity could be provided to Kling via cloud-service arrangements, recognized as OPEX, materially improving Kuaishou's cash flow. Kling's underlying GPM remains competitive with peers on a like-for-like basis.

A vibrant content ecosystem essential to sustainable monetisation

Highlights (Rmbm)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenues	113,470	126,898	142,776	138,362	145,946	152,934	159,801	166,634
EBIT (UBS)	10,001	17,636	23,277	10,813	13,075	15,454	18,130	19,757
Net earnings (UBS)	10,269	17,707	20,640	8,877	11,039	13,058	15,329	16,709
EPS (UBS, diluted) (Rmb)	2.31	4.02	4.69	2.03	2.52	2.98	3.50	3.81
DPS (net) (Rmb)	0.00	0.00	0.43	0.64	0.00	0.00	0.00	0.00
Net (debt) / cash	9,557	(2,222)	(5,917)	(26,151)	(14,641)	2,204	24,319	45,363
Profitability/valuation	**12/23**	**12/24**	**12/25**	**12/26E**	**12/27E**	**12/28E**	**12/29E**	**12/30E**
EBIT (UBS) margin %	8.8	13.9	16.3	7.8	9.0	10.1	11.3	11.9
ROIC (EBIT) %	29.9	34.8	32.1	11.4	12.3	14.8	18.3	21.1
EV/EBITDA (UBS core) x	12.8	7.5	8.1	6.8	5.9	4.5	3.4	2.5
P/E (UBS, diluted) x	23.1	10.9	12.3	14.3	11.4	9.6	8.2	7.5
Equity FCF (UBS) yield %	5.4	9.7	3.2	0.7	9.3	13.6	17.8	17.0
Dividend yield (net) %	0.0	0.0	0.8	2.2	0.0	0.0	0.0	0.0

Source: Company accounts, LSEG Eikon, UBS estimates. Metrics marked as (UBS) have had analyst adjustments applied. Valuations: based on an average share price that year, (E): based on a share price of HK$ 33.46 on 28-Aug-2026

This report has been prepared by UBS Securities Asia Limited. **ANALYST CERTIFICATION AND REQUIRED DISCLOSURES, INCLUDING INFORMATION ON THE QUANTITATIVE RESEARCH REVIEW PUBLISHED BY UBS, BEGIN ON PAGE 5.**

Management reiterated its commitment to building a diversified community ecosystem as a key driver of Kuaishou's long-term content creation and platform vitality. The company will support high-quality creators across verticals, help niche communities scale, and develop category leaders. Management believes these engaged communities have stronger user stickiness and monetisation potential. Kuaishou will continue improving creator monetisation through its integrated "short-video + livestreaming" strategy, encouraging livestreamers to produce short-form content and video creators to expand into livestreaming. This cross-format traffic flywheel supports exposure and engagement. The company also plans to refine recommendation and distribution algorithms to better surface quality creators and content. Management expects a healthy, content-driven community to organically enhance commercial links among creators, users, and merchants, supporting sustainable monetisation growth and long-term economic returns for creators while contributing to the platform's overall growth.

Valuation: maintain Buy rating and PT of HK60.00

Our SOTP-derived PT implies 18x 2026E ex-Kling PE, and Kling at HK$20.9 per share.

Forecast returns

Forecast price appreciation	79.3%
Forecast dividend yield	2.2%
Forecast stock return	81.6%
Market return assumption	11.2%
Forecast excess return	70.4%

Company Description

Started as a graphics interchange format (GIF) production tool in 2011, Kuaishou has transitioned into a short-video platform since November 2012. It focuses on empowering users to record and share their lives through videos, and has been diversifying monetisation through livestreaming, online marketing, e-commerce, online games, and other services since 2016. According to iResearch, Kuaishou was the No.2 short-video platform globally by daily active users, the No.2 livestreaming e-commerce platform by gross merchandise value, and the largest livestreaming platform by tipping revenue in 9M20.

Valuation Method and Risk Statement

We use a SOTP methodology to derive our price target for Kuaishou.
We believe the main risks for Kuaishou include: 1) intensifying competition leading to slower-than-expected user growth as well as diversion of user time spent; 2) tightening regulations in the online videos, livestreaming, e-commerce, and online games industries; 3) slower-than-expected monetisation pace of its core business and video GenAI initiatives; 4) the slowing Chinese economy could lead to lower online advertising revenue growth; and 5) higher-than-expected investment and weaker-than-expected profitability.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at https://neo.ubs.com/quantitative, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Kuaishou Technology

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

