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Morgan Stanley | RESEARCH

UPDATE

May 11, 2026 02:18 PM GMT

Kuaishou Technology | Asia Pacific

Kling seeks independent financing at US$20bn

According to *The Information* website (11 May), Kuaishou is seeking independent listing of Kling at a valuation of US$20bn, which implies an ARR multiple of 20x assuming its ARR reaches US$1bn by the end of the year. This compares to AI model peers Minimax at 30x and Zhipu at ~60x. The valuation is significantly higher than our Kuaishou SOTP valuation of US$6bn for Kling (20x 2026e P/S).

We note Kuaishou's 15ppt outperformance over the HS Tech Index in the past three trading days.

We think that the deal could unlock significant value for Kuaishou if it materializes, given that the market values pure AI players at a much higher multiple.

If we apply 8x 2026e P/E to Kuaishou's core business (adjusted for the loss from Kling) and the reported US$20bn value for Kling with a 30% holdco discount, we arrive at Kuaishou value of HK$68 per share (vs. the last closing price of HK$51.6 and our bull case value of HK$72). Or, its current market cap implies core business 2026e P/E of 5x based on the same set of assumptions.

Kuaishou has no comment on this news report.

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Kuaishou Technology (1024.HK, 1024 HK)

China Internet and Other Services | China

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	HK$55.00
Up/downside to price target (%)	7
Shr price, close (May 11, 2026)	HK$51.60
52-Week Range	HK$92.60-41.92
Sh out, dil, curr (mn)	4,496
Mkt cap, curr (mn)	Rmb201,527
EV, curr (mn)	Rmb182,482
Avg daily trading value (mn)	HK$2,718

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	4.69	3.93	4.47	4.50
Prior EPS (Rmb)**	-	-	-	-
Revenue, net (Rmb bn)	143	148	160	169
EBITDA (Rmb bn)	26	26	32	35
ModelWare net inc (Rmb bn)	19	14	16	17
P/E	13.6	14.3	12.2	12.1
P/BV	3.2	2.0	1.7	1.5
RNOA (%)	35.2	18.3	17.1	16.8
ROE (%)	30.0	17.3	16.8	14.2
EV/EBITDA	9.1	6.9	5.1	4.2
Div yld (%)	0.0	0.0	0.0	0.0
FCF yld ratio (%)**	3.9	0.0	5.6	5.8
Leverage (EOP) (%)	(24.0)	(23.6)	(33.3)	(41.2)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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www.futoucaixin.cn

Valuation Methodology and Risks

Kuaishou Technology (1024.HK)

Base case, discounted cash flow model - key assumptions include a 12% WACC and 2% perpetual growth rate. We also accounted for the valuation of Kling at 20x P/S, the valuation for top software companies globally.

Risks to Upside

- Better-than-expected MAU growth.
- Improving ad revenue per DAU.
- Lower-than-expected sales and marketing expenses, leading to higher margins.
- Faster monetization of other revenue, overseas expansion.

Risks to Downside

- Lower-than-expected advertising revenue growth.
- Lower-than-expected margins owing to revenue sharing, S&M and overseas expansion.
- Lower-than-expected MAU growth owing to competition, scale-back of S&M.

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(as of April 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1546	42%	467	51%	30%	709	44%
Equal-weight/Hold	1568	43%	358	39%	23%	715	44%
Not-Rated/Hold	4	0%	0	0%	0%	1	0%
Underweight/Sell	555	15%	84	9%	15%	202	12%
Total	3,673		909			1627	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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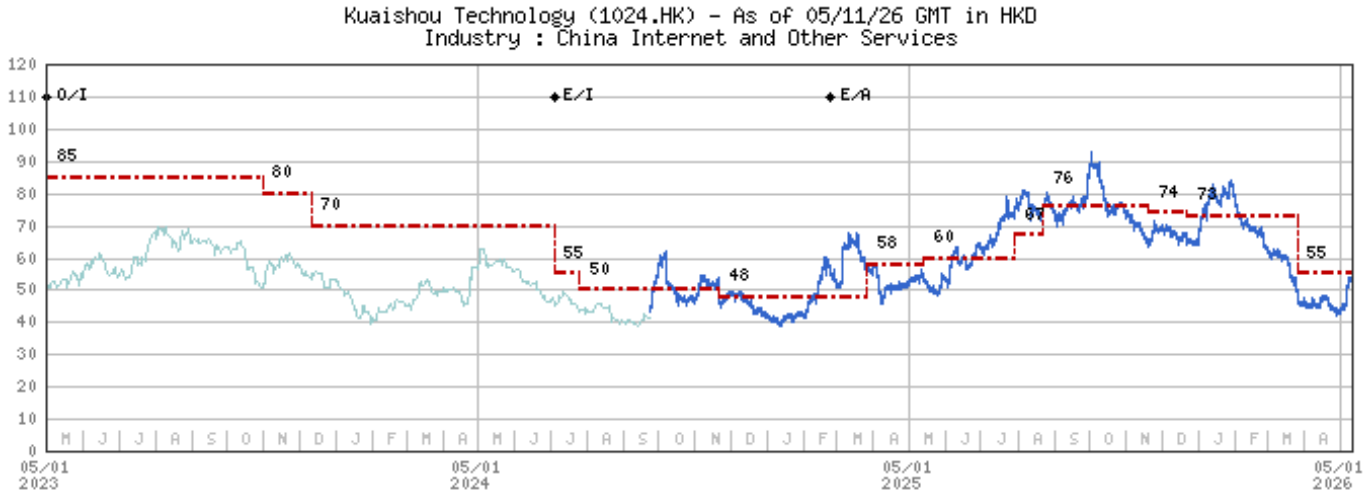
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 5/1/21 : O/A; 7/9/21 : U/A; 9/20/21 : U/I; 11/24/21 : E/I; 2/28/22 : O/I; 7/4/24 : E/I; 2/24/25 : E/A

Price Target History: 3/11/21 : 350; 5/25/21 : 300; 7/9/21 : 130; 7/23/21 : 120; 8/26/21 : 60; 11/24/21 : 105; 2/28/22 : 120; 3/21/22 : 110; 4/22/22 : 100; 10/20/22 : 70; 11/8/22 : 60; 1/9/23 : 95; 1/18/23 : 90; 2/22/23 : 85; 10/31/23 : 80; 12/11/23 : 70; 7/4/24 : 55; 7/25/24 : 50; 11/21/24 : 48; 3/26/25 : 58; 5/14/25 : 60; 7/30/25 : 67; 8/22/25 : 76; 11/20/25 : 74; 12/22/25 : 73; 3/26/26 : 55

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
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Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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INDUSTRY COVERAGE: China Internet and Other Services

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/08/2026)
Eddy Wang, CFA		
Autohome Inc (ATHM.N)	E (02/09/2023)	US$19.00
Full Truck Alliance Co. Ltd (YMM.N)	O (07/05/2023)	US$8.81
JD.com, Inc. (JD.O)	U (11/10/2025)	US$30.13
Kanzhun Ltd (BZ.O)	O (08/04/2021)	US$14.02
KE Holdings Inc (BEKE.N)	O (03/16/2022)	US$18.87
PDD Holdings Inc (PDD.O)	O (03/02/2023)	US$98.78
Vipshop Holdings Ltd (VIPS.N)	E (02/24/2022)	US$14.46
Gary Yu		
Alibaba Group Holding (BABA.N)	O (02/24/2025)	US$140.06
Baidu Inc (BIDU.O)	E (05/17/2024)	US$141.05
Meituan (3690.HK)	O (08/29/2024)	HK$84.35
Tencent Holdings Ltd. (0700.HK)	O (03/19/2020)	HK$464.40
Rebecca Xu		
HUYA Inc (HUYA.N)	E (05/16/2024)	US$3.10
IQIYI Inc (IQ.O)	E (01/19/2023)	US$1.20
JOYY Inc. (JOYY.O)	E (06/02/2022)	US$58.88
Weibo Corp (WB.O)	U (05/17/2024)	US$8.49
Yang Liu		
Bilibili Inc (BILI.O)	O (04/13/2026)	US$22.06
Kuaishou Technology (1024.HK)	E (07/04/2024)	HK$51.60
NetEase, Inc (NTES.O)	O (01/08/2025)	US$115.91
Tongcheng Travel Holdings (0780.HK)	O (01/04/2019)	HK$17.82
Trip.com Group Ltd (TCOM.O)	O (05/17/2021)	US$52.68

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

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