Kanzhun Limited

A high-frequency matching network for employment—with dating-app mechanics, exceptional cash economics and overseas option value

Ticker / reference price	Equity / enterprise value	LTM adjusted EPS / ADS	Current income yield
Nasdaq: BZ / $16.10	$7.2bn / ~ $4.3bn	~$1.16	~1.0% dividend

Reference price from July 2026; operating data through March 31, 2026. Enterprise value subtracts $2.87bn of cash, deposits and short-term investments. [1][2][3][6]

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5-YEAR TSR REFERENCE CASE: 20.2% = 1.0% + 14.0% + 5.2%			
20.2%	1.0%	14.0%	5.2%
Annualized TSR	Dividend yield	EPS growth	Multiple reversion

Mechanical bridge: current reported GAAP P/E of ~15.5x reverts over five years to a conservative 20x normalized mean. Kanzhun listed in 2021, so no 10-year public history exists; the profitable year-end mean is 33.8x and is too short and growth-distorted to underwrite. [5][6]

Thesis

BOSS Zhipin redesigned online recruiting from a static job board into a mutual-discovery network. Algorithms recommend both jobs and candidates, either side can initiate a direct chat, and a résumé is exchanged after mutual interest—the same engagement architecture that makes dating apps liquid and habit-forming. At 2025 scale, the platform handled 6.7bn chat messages per month, served 252.6m verified job seekers and 20.3m verified enterprises, yet only 6.8m enterprises paid. That leaves monetization runway inside China. The hidden upside is whether the matching system travels abroad: 2025 pilot markets showed rapid user growth and improving metrics, but management has not disclosed material overseas revenue. At ~13.9x LTM adjusted EPS and with cash equal to about 40% of market value, investors are paid to test the option. [2][3]

Four-question scorecard

Question	Score	Why it is not higher
Business quality	4.5 / 5.0	Two-sided data and liquidity, direct chat and high margins; hiring cyclicality and China regulation cap perfection
Price	4.5 / 5.0	~13.9x adjusted EPS, ~6x ex-cash, plus a ≥50% earnings return policy
People / allocation	4.0 / 5.0	Founder has deep recruiting experience and built the category; dual-class control and SBC warrant a deduction
Hidden nugget	4.5 / 5.0	Dating-app matching mechanics can deepen domestic monetization and may replicate internationally

2 Business and Industry

Kanzhun makes recruiting a conversation and recommendation problem, not a database-search problem

Business model in plain English

Job seekers build profiles and receive ranked jobs; employers and individual hiring managers receive ranked candidates. Either side can open a direct chat and exchange a résumé after mutual consent. Most job seekers use the platform free. Enterprises buy posting, exposure, messaging and recruitment tools, creating a subscription-like revenue base. More interactions improve matching data, which can increase successful contacts, engagement and employer willingness to pay. [3]

Network side	2025 scale	Product value	Monetization
Job seekers	252.6m verified; 60.7m avg. MAU	Relevant jobs, direct access, low application friction	Free; liquidity supplied to network
Enterprise users	36.8m verified users	Ranked candidates and direct chat	Paid packages and tools
Enterprises	20.3m verified / 6.8m paid LTM	Faster hiring across white-, blue-collar and campus	Large conversion / wallet runway
Interaction data	6.7bn chats per month	Learns mutual interest and response behavior	Improves matching and ROI

2025 Form 20-F and results. [2][3]

Why the dating-app analogy matters

- Mutual discovery is higher intent than résumé broadcasting. A response, chat and résumé exchange reveal preferences that a keyword search cannot.
- Both sides can initiate. This reduces employer-only gatekeeping and makes the platform useful even before a formal application begins.
- Frequency creates liquidity. Tens of billions of interactions teach the recommendation system which pairings produce replies, interviews and hires.
- Local network effects are strong but not automatic across borders. Jobs, credentials, language, salary conventions and regulation must be rebuilt market by market.
- The score stops below 5.0 because employment demand is cyclical, multihoming is easy, trust / fraud controls are essential and Chinese platform rules can change abruptly.

Industry structure and profit pool

Force	Assessment	Investment implication
Job-seeker power	High	Free access and multihoming require superior recommendations
Employer power	Medium	SMEs are fragmented; large employers can negotiate and use multiple channels
Rivalry	High	Job boards, social apps, vertical platforms and referrals compete
New entrants	Medium-low at scale	An app is easy; trusted identity, liquidity and matching data are hard
Substitution	Medium	AI sourcing helps recruiters, but can also strengthen Kanzhun's matching layer

CUSTOMER VALUE PROPOSITION A job seeker gets relevant conversations rather than anonymous applications; a hiring manager gets responsive candidates rather than an undifferentiated résumé pile.

3 Financials and Business Quality

Revenue growth has moderated, but operating leverage, cash conversion and net-cash optionality are unusually strong

Metric	FY2024	FY2025	Q1 2026	Underwriting read
Revenue	RMB7.36bn	RMB8.27bn	RMB2.07bn	+12.4% FY; +7.6% Q1
Adjusted operating income	RMB2.32bn	RMB3.38bn	RMB0.81bn	39.4% Q1 margin
Adjusted net income	RMB2.71bn	RMB3.60bn	RMB0.86bn	+32.9% FY; +12.1% Q1
Adjusted diluted EPS / ADS	RMB6.00	RMB7.87	RMB1.87	LTM ~RMB8.0 / $1.16
Operating cash flow	RMB3.54bn	RMB4.55bn	RMB1.19bn	+28.5% FY; +18.6% Q1
Cash / deposits / investments	n/a	RMB19.95bn	RMB19.83bn	$2.87bn / large margin of safety

Company-reported GAAP and adjusted measures. Q1 GAAP net income included a large fair-value investment gain; adjusted earnings are the cleaner operating measure. [1][2]

Five-year owner-earnings bridge

Driver	Base assumption	Why it is plausible	Failure test
Paid enterprises	9%-11% CAGR	6.8m paid vs 20.3m verified enterprises	Customer growth <5%
ARPU / mix	Low-single-digit	AI tools and broader use cases	SME budgets / pricing weaken
Adjusted margin	~39%-41%	Scale offsets product / overseas investment	SBC or selling cost reaccelerates
Net share count	1%-3% decline	>$400m buyback and ≥50% return policy	Repurchases only offset SBC
Adjusted EPS	~14% CAGR	Revenue + margin + buybacks	China hiring remains structurally weak

Balance sheet, ratings, maturities and covenants

Position. At March 31, 2026 Kanzhun held RMB19.83bn ($2.87bn) of cash, deposits and investments, with no conventional borrowings disclosed. Cash is roughly 40% of the late-July equity value. **Ratings.** Kanzhun has no public issuer credit rating; the absence reflects no funded-debt need, not a rating judgment. **Maturities.** The 2025 20-F listed only RMB166m of lease obligations: RMB96m within one year, RMB58m in years one to three and RMB12m in years three to five. **Covenants.** There are no public bond or bank maintenance covenants. The relevant restrictions are PRC cash mobility, VIE contracts, capital controls and the board's discretion over offshore distributions. [1][3]

BALANCE-SHEET JUDGMENT Financial leverage is negligible; jurisdictional and governance access to the cash is the real issue. Value offshore cash at a haircut until distributions and repurchases demonstrate convertibility.

4 Valuation, Hidden Nugget and LBO

The core China network is inexpensive before assigning material value to overseas replication

Public-history P/E context

Reported GAAP P/E	Low	Average	High	Current
Profitable year-ends 2023-2025	24.2x	33.8x	48.2x	15.5x
TSR normalized mean	n/a	20.0x	n/a	15.5x

Kanzhun listed in 2021, so a 10-year history does not exist. 2022's ~585x P/E and loss-making 2021 are excluded. The 20x TSR mean is deliberately below the 33.8x profitable listed-life mean. [5][6]

Five-year valuation cases

Case	2031 adjusted EPS	Exit P/E	Dividends	2031 value	5-year CAGR
Bear	$1.41	10x	~$0.9	$15.0	(1.4)%
Base	$2.23	20x	~$1.2	$45.9	23.3%
Bull	$2.65	28x	~$1.4	$75.7	36.3%

Analyst estimates. Bear/base/bull adjusted EPS growth is 4%/14%/18%; the bear exit multiple is explicitly 10x. Dividends are not reinvested. No separate value is added for excess cash.

Hidden nugget — dating-app mechanics plus international replication

The domestic product already behaves like a labor-market dating app: mutual recommendations, either-side initiation, direct chat and résumé exchange after consent. That architecture produces behavioral data—who replies to whom, how quickly and after which recommendation—that a conventional job board does not observe. International growth is the second layer. Management said 2025 pilot markets showed rapid user growth and steady improvement in key metrics, preliminarily validating replicability, and intends to accelerate overseas operations. The correct underwriting is asymmetric: value the China cash engine and treat international as an option until Kanzhun discloses country-level retention, liquidity, acquisition cost and monetization. [2][3]

Nugget component	Current evidence	Required proof
Mutual matching	6.7bn chats / month	Higher reply, interview and hire rates
Domestic monetization	6.8m paid vs 20.3m verified enterprises	Paid conversion without lower retention
AI recommendation	Nanbeige model and product deployment	Better matching, not only higher compute / SBC
International pilots	Rapid user growth / improving metrics	Country MAU, retention, CAC and paid customers

Illustrative five-year take-private analysis

Stage	Purchase / operating case	Debt / structure	Sponsor outcome
Entry	20% premium; ~$8.6bn equity / ~$5.8bn EV	~$1.5bn debt after usable cash	~$4.3bn equity check
Exit	Adjusted EBIT ~ $1.0bn; ~$11.8bn EV	12x exit; ~$0.3bn debt	~$11.5bn equity value
Return	~14% EBIT CAGR	No dividend recap	~2.7x MOIC / ~22% IRR

Illustrative analyst model. Offshore cash access, PRC cybersecurity review, founder approval and VIE enforceability make practical debt financing far harder than the arithmetic.

LBO CONCLUSION The operating cash flow can support attractive sponsor mathematics, but a conventional foreign take-private is not a credible catalyst. The exercise shows the ex-cash valuation is low; it does not eliminate China structure risk.

5 CEO and Capital Allocation

Peng Zhao combined decades of recruiting experience with internet product design; the next test is minority-shareholder alignment

Peng Zhao — category expertise before founding

Zhao founded Kanzhun and has been Chairman and CEO since inception. He has more than 27 years in human-resources services and more than 21 years in internet businesses. From 2005-2010 he worked at online recruiter Zhaopin and ultimately became CEO; from 2011-2013 he invested in and managed service-commerce platform Quickerbuy. He earned a law degree from Peking University in 1994. The background is unusually fitted to the product: he knew the limitations of recruiter-led databases before building a direct, mobile-first matching network. [3][4]

Capital / governance item	Evidence	Underwriting judgment
Organic product investment	AI recommendation, trust and blue-collar expansion	Highest-return use while engagement economics hold
2025 Hong Kong offering	~HK$2.2bn net proceeds	Added liquidity / listing; also increased already-large cash
Buybacks	$400m program to Aug-2027; ~3% shares bought YTD Q1	Attractive below intrinsic value if net ADS count falls
Dividend / returns	≥50% of prior adjusted NI for 2026-2028	Strong new commitment; board discretion remains
Overseas investment	Pilot markets to be accelerated	Fund from cash, but demand country-level milestones
Founder control	13.7% economic / 61.3% voting	Long-term focus and severe minority-control risk

Capital-allocation judgment

- The platform reached 40%-plus adjusted operating margins while continuing to invest in matching, fraud controls and AI—evidence of strong incremental economics.
- The new ≥50% earnings return policy is important because excess cash had become too large relative to operating needs. Buybacks below 15x adjusted EPS can be highly accretive.
- Share-based compensation remains a real expense. Repurchases create value only when fully diluted ADS count declines after grants and options.
- International investment should be staged. A new country earns follow-on capital only after cohort retention and marketplace liquidity clear explicit hurdles.

Rules that would increase conviction

1. Publish country-level overseas MAU, retention, chat density, paid employers and acquisition cost before scaling spend.
2. Reduce fully diluted ADS count each year after stock compensation, not merely announce gross repurchases.
3. Return at least the stated 50% of adjusted earnings while retaining a clearly justified regulatory / operating cash buffer.
4. Strengthen independent-board oversight of related-party, VIE, compensation and capital-return decisions.

MANAGEMENT JUDGMENT — 4.0 / 5.0 Zhao has rare domain fit and built a superior product. Dual-class control, cash access and the need to prove net—not gross—capital returns keep the score below 4.5.

6 Risks and Disconfirming Evidence

The thesis fails if network liquidity stalls, overseas markets do not localize or shareholders cannot access the cash

Risk	Why it matters	Early warning / thesis killer	Response
China hiring cycle	Enterprise demand drives payment	Paid-customer growth <5% for 4 quarters	Cut EPS growth
Regulation / data	Identity and employment data are sensitive	App suspension, cybersecurity sanction or forced change	Immediate structure reassessment
VIE / geopolitics	ADS claims offshore contracts	Enforcement, audit or sanctions impairment	Cap position / exit
Competition	Users can multihome	MAU / chat share falls despite marketing	Lower network-effect score
International execution	Local liquidity must restart	High CAC, weak retention, no employer payment	Value option at zero
AI substitution	Recruiters gain new sourcing tools	Direct AI agents bypass platform	Lower terminal multiple
Trust / fraud	Direct chat can attract scams	User complaints and verification failures	Increase cost / reduce growth
SBC / capital returns	Gross buybacks can mask dilution	ADS count flat despite large repurchases	Use GAAP owner earnings
Cash access	40% of equity value is financial assets	Cash cannot fund offshore returns	Haircut cash materially

Pre-mortem: it is 2031 and the investment failed

China's hiring recovery remained weak, employers used free tools and paid-customer growth stalled. Kanzhun spent heavily to seed overseas marketplaces, but job seekers did not attract enough local employers and acquisition costs stayed high. AI assistants scraped and aggregated postings, reducing app frequency. Buybacks largely offset stock compensation, while capital controls prevented the cash pile from reaching ADS holders. Founder control limited governance remedies and the market assigned a 10x multiple.

Disconfirming evidence hierarchy

A weak Chinese macro quarter is not disconfirming if paid customers and chat density compound. Early overseas losses are not disconfirming if cohort retention improves. The strongest evidence is falling two-sided engagement, repurchases without diluted-share reduction, country pilots failing to achieve local liquidity, or regulatory action that impairs the app, VIE or cash access.

SINGLE MOST IMPORTANT UNKNOWN Can Kanzhun reproduce dense, trusted, two-sided labor-market liquidity outside China at an acquisition cost that still permits the domestic platform's exceptional margins?

TWO-QUARTER DASHBOARD MAU | paid enterprises | chat density | adjusted margin | OCF | diluted ADS count | shareholder returns | overseas retention / CAC | regulatory events

7 Portfolio Decision and Research Plan

The holding period is always 5-8 years; preserve asymmetric upside with a small position until overseas and governance evidence improves

Conviction	Score	Reason
Analytical	4 / 5	Core engagement and cash economics are strong; overseas unit economics are undisclosed
Portfolio	2.5 / 5	China, VIE, regulatory and governance risks dominate position size
Temporal	4.5 / 5	Five years captures domestic monetization, buybacks and at least one overseas cohort

Position-size recommendation

Initiate a 1.0% starter around $16. Increase toward 2.5% below $13 with intact regulation and cash, or after management discloses overseas cohorts showing strong retention, improving chat density and credible paid conversion. Cap the position near 3.5% even on proof because VIE enforceability, founder control and geopolitical risks are not diversifiable inside the company.

Action	Price / evidence rule	Rationale
Buy starter	≤$16.50	Low ex-cash multiple buys the option cheaply
Add	≤$13 or overseas cohort proof	Require more price or replication evidence
Full size	Paid growth >10%; ADS count falling; overseas unit economics	Confirms all three compounding levers
Trim	>28x adjusted EPS without >18% growth	Multiple prices unproven option
Exit	Material regulatory / VIE impairment or engagement decline	Core ownership claim or network breaks

Next research steps

- Obtain country names and build overseas cohorts for seekers, employers, chats, retention, CAC, paid conversion and contribution margin.
- Measure domestic marketplace liquidity by occupation, city and employer size; track successful conversations rather than headline MAU alone.
- Reconcile adjusted income to GAAP owner earnings after stock compensation and fair-value gains; audit net diluted ADS reduction.
- Map PRC licenses, cybersecurity obligations, VIE cash flows and offshore dividend / repurchase pathways with local counsel.
- Interview employers and job seekers on match quality, fraud, response rates and the degree of multihoming versus competitors.

FINAL DECISION BUY A 1% STARTER. Business quality and hidden nugget are 4.5/5.0, but the dating-app-for-jobs architecture and international option must be sized beneath China, VIE and founder-control risk.

Source notes

[1] Kanzhun Q1 2026 results

[2] Kanzhun FY2025 results

[3] Kanzhun 2025 Form 20-F

[4] Kanzhun management — Peng Zhao biography

[5] Kanzhun financials and P/E history

[6] Kanzhun current and historical P/E

Framework source: Chapter 4 and Appendix E of Investing Book July 34(1). Facts are drawn primarily from company and SEC materials. Current-price references are late-July 2026 snapshots. Adjusted EPS, normalized P/E, scenarios, LBO returns, overseas option value and position sizing are analyst estimates; no 10-year public history exists because Kanzhun listed in 2021.

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