

Bilibili (BILI US)

1Q25 earnings beat; expect strong earnings momentum to continue in 2Q25

Bilibili announced 1Q25 financial results: total revenue was up by 24% YoY to RMB7.0bn, in line with Bloomberg consensus estimate; adjusted net income reached RMB362mn, up from net loss of RMB456mn in 1Q24 and ahead of consensus estimate of RMB248mn, thanks to the GPM expansion (+8ppt YoY) and prudent control in R&D expenses (-13% YoY). For 2Q25E, we expect Bili to maintain 20% YoY total revenue growth with margin expansion, driven by the solid momentum of advertising and mobile games businesses. We raise our FY25-27E non-GAAP earnings forecasts to RMB2.2/3.2/4.1bn (previous: RMB1.8/2.7/3.7bn), in view of the solid margin expansion trend. We fine-tune our SOTP-derived target price to US\$26.5 (previous: US\$26.4) which translates to 25x FY26E non-GAAP PE, reflecting the mixed impact of forecast uplift and the sector valuation decline. Maintain BUY.

- **Solid revenue growth across business lines.** By segment, in 1Q25: 1) VAS revenue grew by 11% YoY to RMB2.81bn (40% of total revenue), as live streaming business regained momentum and innovative monetization methods delivered strong growth. Revenue from Fan Charging program grew by over 200% YoY in 1Q25. 2) Advertising revenue was up by 20% YoY to RMB2.00bn (29% of total revenue), mainly attributable to the growth of performance ads and steady momentum of brand ads. Performance ads revenue grew by over 30% YoY, and the number of advertisers was up by over 35% YoY in 1Q25. 3) Mobile games revenue recorded a strong growth of 76% YoY to RMB1.73bn in 1Q25 (25% of total revenue), thanks to the strong performance of *SanMou*. DAUs on the first day of *SanMou* Season 7 have hit a new high so far in 2025. Legacy titles like *FGO* and *Azure Lane* delivered a stable YoY revenue trend in 1Q25.
- **Healthy development of user community supports business growth.** MAUs and average daily time spent grew by 8% and 3% YoY to 368mn and 108mins in 1Q25, both hitting a record high. Bili's collaboration with CCTV's CNY Gala further expanded its reach to audiences. For 2Q25E, we expect total revenue to grow by 20% YoY to RMB7.36bn, with mobile games/ads/VAS revenue +63/18/11% YoY. Management is upbeat that *SanMou* will sustain its solid performance, supported by the launch of *Season 8* in May, the mini-game version in summer, and the international version by end-2025.
- **Continued margin expansion.** Overall GPM improved by 8ppt YoY to 36.3% in 1Q25, mainly due to the strong performance of high-margin businesses like mobile games and advertising; adjusted OPM was up by 14ppt YoY to 4.9% in 1Q25, thanks to effective expense control in addition to GPM expansion. R&D expenses declined by 13% YoY in 1Q25 on enhanced R&D efficiency. For 2Q25E, we expect GPM and adjusted OPM to further expand QoQ on favourable revenue mix shift and expense control.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	22,528	26,832	30,584	33,261	35,285
YoY growth (%)	2.9	19.1	14.0	8.8	6.1
Gross margin (%)	24.2	32.7	36.9	38.5	40.3
Adjusted net profit (RMB mn)	(3,533.8)	(22.1)	2,243.8	3,206.7	4,057.9
YoY growth (%)	na	na	na	42.9	26.5
EPS (Adjusted) (RMB cents)	(854.72)	(5.32)	534.14	763.35	965.97
Consensus EPS (RMB)	(8.55)	(0.05)	4.53	6.84	9.02
P/S (x)	2.4	2.1	1.8	1.7	1.6

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$26.50
 (Previous TP) US\$26.40
Up/Downside 46.0%
Current Price US\$18.15

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Stock Data

Mkt Cap (US\$ mn)	7,624.6
Avg 3 mths t/o (US\$ mn)	65.4
52w High/Low (US\$)	29.66/12.96
Total Issued Shares (mn)	420.1

Source: FactSet

Shareholding Structure

Rui Chen	11.8%
Tencent	10.5%

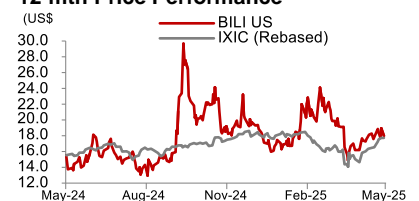
Source: Company data

Share Performance

	Absolute	Relative
1-mth	12.1%	-7.1%
3-mth	-20.5%	-18.9%
6-mth	-3.6%	-4.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Bili: forecast revision

RMB mn	Current			Previous			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	30,584	33,261	35,285	30,424	32,570	34,197	0.5%	2.1%	3.2%
Gross profit	11,272	12,809	14,203	11,358	12,794	14,016	-0.8%	0.1%	1.3%
Adj. net profit	2,244	3,207	4,058	1,753	2,724	3,736	28.0%	17.7%	8.6%
Adj. EPS (RMB)	5.3	7.6	9.6	4.1	6.4	8.8	28.0%	17.7%	8.6%
Gross margin	36.9%	38.5%	40.3%	37.3%	39.3%	41.0%	-0.5 ppt	-0.8 ppt	-0.7 ppt
Adjusted net margin	7.3%	9.6%	11.5%	5.8%	8.4%	10.9%	1.6 ppt	1.3 ppt	0.6 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	30,584	33,261	35,285	30,288	33,123	35,966	1.0%	0.4%	-1.9%
Gross profit	11,272	12,809	14,203	11,160	12,659	14,135	1.0%	1.2%	0.5%
Adj. net profit	2,244	3,207	4,058	1,931	3,130	4,000	16.2%	2.4%	1.5%
Adj. EPS (RMB)	5.3	7.6	9.6	4.5	6.8	9.0	16.7%	10.5%	6.0%
Gross margin	36.9%	38.5%	40.3%	36.8%	38.2%	39.3%	0.0 ppt	0.3 ppt	0.9 ppt
Adjusted net margin	7.3%	9.6%	11.5%	6.4%	9.5%	11.1%	1.0 ppt	0.2 ppt	0.4 ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Bili: Quarterly financial figures

(RMB mn)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	Cons.	Diff%	CMBI	Diff%
Mobile games	992	1,007	983	1,007	1,823	1,798	1,731	1,685	2.7%	1,700	1.8%
YoY%	-32.6%	-12.1%	-13.2%	13.1%	83.8%	78.5%	76.1%				
VAS	2,595	2,857	2,529	2,566	2,821	3,083	2,807	2,781	0.9%	2,783	0.9%
YoY%	17.4%	21.6%	17.3%	11.5%	8.7%	7.9%	11.0%				
Advertising	1,638	1,929	1,669	2,037	2,094	2,389	1,998	2,009	-0.6%	1,993	0.3%
YoY%	20.9%	27.6%	31.2%	29.5%	27.8%	23.8%	19.7%				
IP derivatives and others	580	556	484	516	567	465	467	440	6.2%	432	8.0%
YoY%	-23.5%	-51.0%	-5.0%	-4.1%	-2.2%	-16.4%	-3.5%				
Total revenue	5,805	6,349	5,665	6,127	7,306	7,734	7,003	6,912	1.3%	6,908	1.4%
YoY%	0.2%	3.4%	11.7%	15.5%	25.8%	21.8%	23.6%				
Average MAUs	341	336	342	336	348	340	368				
YoY%	2.5%	3.1%	8.3%	3.7%	2.1%	1.2%	7.8%				
Gross profit margin	25.0%	26.1%	28.3%	29.9%	34.9%	36.1%	36.3%				
S&M ratio (%)	17.1%	17.7%	16.4%	16.9%	16.5%	16.0%	16.7%				
R&D ratio (%)	18.4%	20.9%	17.0%	14.6%	12.4%	11.9%	12.0%				
Adjusted net margin (%)	-15.1%	-8.8%	-7.8%	-4.4%	3.2%	5.9%	5.2%				
Adjusted net profit	(878)	(556)	(440)	(272)	236	453	363	248	46.7%	184	97.2%

Source: Company data, Bloomberg, CMBIGM estimates

SOTP Valuation

Based on the SOTP valuation, our target price for Bili is US\$26.5 per ADS, including:

- 1) US\$12.7 for the advertising business (48% of the total valuation), based on a 16x 2025E PE. The target PE multiple is at a premium to the industry average (14x 2025E PE), reflecting Bili's strong ad monetization potential and revenue growth outlook.
- 2) US\$6.4 for the VAS business (24% of the total valuation), based on a 1.6x 2025E PS. The target PS multiple is on par with the average PS of other video platforms.
- 3) US\$7.2 for mobile games (27% of the total valuation), based on a 16x 2025E PE. The target PE multiple is at a discount to the industry average (21x 2025E PE), as Bili has yet to establish a successful track record in in-house games development.
- 4) US\$0.2 for IP derivatives and others (1% of the total valuation), based on a 0.4x 2025E PS. The target PS multiple is on par with the average PS of the other e-commerce platforms.

Figure 4: Bili: SOTP Valuation

(RMBmn)	2025E revenue	Net margin (%)	Target PS (x)	Target PE (x)	Target valuation	As of total valuation
VAS (Live streaming + Membership)	12,215		1.6		19,544	24.2%
Advertising	9,661	25%		16	38,646	47.8%
Mobile games	6,829	20%		16	21,854	27.0%
IP derivatives and others	1,878		0.4		751	0.9%
Total valuation (RMBmn)					80,795	
Number of ADS (mn)					420	
Valuation per ADS (US\$)					26.5	

Source: Company data, CMBIGM estimates

Figure 5: Peer comparison: online games and advertising sector

		Price	EPS growth (YoY %)		PE (x)	
Companies	Ticker	(Local)	FY25E	FY26E	FY25E	FY26E
Online games						
NetEase	NTES US	119.1	22	3	14	14
Electronic Arts	EA US	150.5	(8)	24	23	18
Nexon	3659 JP	2,536.5	(12)	13	22	19
Bandai Namco	7832 JP	4,734.0	68	(4)	23	24
Perfect World	002624 CH	12.8	(205)	77	33	19
37 Interactive	002555 CH	15.0	11	11	12	10
Average PE					21	18
Online advertising						
Weibo	WB US	8.5	(5)	6	5	5
Baidu	BIDU US	89.3	3	7	9	8
Meta	Meta US	640.4	11	13	24	22
Google	GOOG US	167.9	20	7	17	16
Average PE					14	13

Source: Bloomberg, CMBIGM

Note: data as at 19 May market close

Figure 6: Peer comparison: online video and first-party e-commerce

Companies	Ticker	Price (Local)	Revenue growth (YoY %)		PS (x)	
			FY25E	FY26E	FY25E	FY26E
Online video						
iQiyi	IQ US	1.9	0.3	3.7	0.4	0.4
Mango Excellent Media	300413 CH	23.6	5.9	8.0	2.8	2.6
Average PS					1.6	1.5
First-party e-commerce						
JD	JD US	33.7	14.0	6.3	0.3	0.3
Vipshop	VIPS US	15.5	1.5	2.0	0.5	0.5
Average PS					0.4	0.4

Source: Bloomberg, CMBIGM

Note: data as at 19 May market close

Risks

Slowdown in user growth; weaker-than-expected monetization; macro headwinds weigh on ad revenue growth.

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	21,899	22,528	26,832	30,584	33,261	35,285
Cost of goods sold	18,050	17,086	18,058	19,312	20,451	21,083
Gross profit	3,849	5,442	8,774	11,272	12,809	14,203
Operating expenses	12,207	10,506	10,118	10,337	10,943	11,338
Selling expense	4,921	3,916	4,402	4,802	5,056	5,293
Admin expense	2,521	2,122	2,031	2,080	2,228	2,270
R&D expense	4,765	4,467	3,685	3,456	3,659	3,776
Operating profit	(8,358)	(5,064)	(1,344)	935	1,867	2,865
Investment gain/loss	(532)	(436)	(470)	(249)	(257)	(259)
Other gains/(losses)	1,457	389	68	(54)	0	0
EBIT	(7,434)	(5,111)	(1,746)	632	1,610	2,606
Interest income	281	542	435	377	440	543
Interest expense	(251)	(165)	(89)	(130)	(57)	(46)
Pre-tax profit	(7,404)	(4,733)	(1,400)	878	1,992	3,103
Income tax	104	79	(37)	55	159	372
After tax profit	(7,508)	(4,812)	(1,364)	823	1,833	2,731
Minority interest	11	(11)	(17)	6	(37)	(55)
Others	0	0	0	0	0	0
Net profit	(7,497)	(4,822)	(1,381)	829	1,796	2,676
Adjusted net profit	(6,692)	(3,534)	(22)	2,244	3,207	4,058

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	24,453	18,727	19,756	22,517	26,646	31,773
Cash & equivalents	10,187	7,242	10,299	12,511	16,213	20,988
Account receivables	1,329	1,574	1,227	1,398	1,521	1,613
Prepayment	3,545	2,063	1,935	2,205	2,398	2,544
ST bank deposits	4,768	5,195	3,588	3,696	3,807	3,921
Other current assets	4,623	2,653	2,707	2,707	2,707	2,707
Non-current assets	17,378	14,432	12,942	12,410	11,988	11,556
PP&E	1,227	715	589	730	859	980
Investment in JVs & assos	5,651	4,367	3,912	3,870	3,613	3,354
Intangibles	4,327	3,628	3,201	2,842	2,525	2,252
Goodwill	2,725	2,725	2,725	2,725	2,725	2,725
Other non-current assets	3,448	2,998	2,515	2,242	2,266	2,245
Total assets	41,831	33,159	32,699	34,927	38,634	43,329
Current liabilities	17,093	18,104	14,763	16,313	17,404	18,145
Short-term borrowings	6,621	7,456	1,572	1,572	1,572	1,572
Account payables	4,292	4,334	4,801	5,291	5,603	5,776
Tax payable	6,621	7,456	1,572	1,572	1,572	1,572
Other current liabilities	(2,084)	(2,937)	4,259	4,962	5,485	5,860
Accrued expenses	1,643	1,796	2,559	2,917	3,172	3,365
Non-current liabilities	9,498	651	3,832	2,411	1,968	2,011
Long-term borrowings	8,683	1	3,264	1,764	1,264	1,264
Other non-current liabilities	814	650	568	647	704	746
Total liabilities	26,591	18,755	18,595	18,724	19,371	20,155
Share capital	0	0	0	0	0	0
Capital surplus	35,930	46,410	52,371	52,371	52,371	52,371
Retained earnings	(20,437)	(31,763)	(38,007)	(35,915)	(32,818)	(28,852)
Other reserves	(255)	(255)	(255)	(255)	(255)	(255)
Total shareholders equity	15,238	14,392	14,108	16,201	19,298	23,263
Minority interest	2	12	(4)	2	(35)	(89)
Total equity and liabilities	41,831	33,159	32,699	34,927	38,634	43,329

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(7,404)	(4,733)	(1,400)	878	1,992	3,103
Depreciation & amortization	755	727	554	589	639	684
Tax paid	104	79	(37)	55	159	372
Change in working capital	(1,246)	449	3,154	1,108	775	503
Others	3,878	3,745	3,744	3,219	2,995	2,510
Net cash from operations	(3,911)	267	6,015	5,850	6,560	7,172
Investing						
Capital expenditure	(2,738)	(1,330)	(1,755)	(2,144)	(2,222)	(2,304)
Acquisition of subsidiaries/ investments	(2,646)	(203)	(227)	(207)	0	0
Others	15,994	3,295	1,844	165	(135)	(93)
Net cash from investing	10,609	1,762	(138)	(2,186)	(2,357)	(2,397)
Financing						
Net borrowings	251	(82)	3,240	(1,500)	(500)	0
Proceeds from share issues	0	2,689	0	0	0	0
Others	(4,606)	(7,682)	(6,066)	0	0	0
Net cash from financing	(4,355)	(5,075)	(2,825)	(1,500)	(500)	0
Net change in cash						
Cash at the beginning of the year	7,523	10,187	7,242	10,299	12,511	16,213
Exchange difference	321	100	6	47	0	0
Cash at the end of the year	10,187	7,242	10,299	12,511	16,213	20,988
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	13.0%	2.9%	19.1%	14.0%	8.8%	6.1%
Gross profit	(4.8%)	41.4%	61.2%	28.5%	13.6%	10.9%
Operating profit	na	na	na	na	99.7%	53.5%
EBIT	na	na	na	na	154.8%	61.9%
Net profit	na	na	na	na	116.7%	49.0%
Adj. net profit	na	na	na	na	42.9%	26.5%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	17.6%	24.2%	32.7%	36.9%	38.5%	40.3%
Operating margin	(38.2%)	(22.5%)	(5.0%)	3.1%	5.6%	8.1%
Adj. net profit margin	(30.6%)	(15.7%)	(0.1%)	7.3%	9.6%	11.5%
Return on equity (ROE)	(40.6%)	(32.6%)	(9.7%)	5.5%	10.1%	12.6%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.3	0.0	(0.4)	(0.6)	(0.7)	(0.8)
Current ratio (x)	1.4	1.0	1.3	1.4	1.5	1.8
Receivable turnover days	22.1	25.5	16.7	16.7	16.7	16.7
Payable turnover days	86.8	92.6	97.1	100.0	100.0	100.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	ns	66.4	30.7	20.6
P/E (diluted)	ns	ns	ns	66.4	30.7	20.6
P/B	3.4	3.8	3.9	3.4	2.9	2.4

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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