

# Bilibili (BILI US)

## 2025 Investor Day: improving monetization to support quality earnings growth

We attended 2025 Bilibili Investor Day. Our key takeaways include: 1) ad business sustains strong growth underpinned by the upgrade of commercial infra, such as the introduction of mini program & live streaming ad capabilities, the launch of intelligent ad platform BiliBili Bida, and the improvement of industry solutions; 2) game business maintains momentum driven by legacy games, and new games planned for launch in 2025 including *Trickcal RE: VIVE* and *Escape from Duckov*. 3) Bili continues to leverage AI to support its ad monetization and content ecosystem, launching several AI tools such as AI ad placement, AI video translation, and AI search etc. We are upbeat on Bili's earnings momentum driven by its improving monetization and operating leverage. We maintain SOTP-derived target price of US\$26.50 and BUY rating.

- **Advertising: improving commercial infrastructure supports ad business growth.** Bili highlights several upgrades of its commercial infra: 1) Bili launched a close-looped mini program & live streaming ad capabilities, revenue from both surpassed RMB90mn in 1H25; 2) Bili introduced ad intelligent platform BiliBili Bida to improve targeting and measurement capabilities. 127 brands activated the services and advertised in 1H25; 3) The company also upgraded its industry ad solutions, which supported solid growth of ad revenue from verticals such as content (+90% YoY) and consumer goods (+30% YoY) in 1H25. Overall, we are upbeat that Bili's ad business will continue to outpace the sector growth and gain market share in 2025, supported by its improving monetization and AI empowerment.
- **Games: focus on “youthification” of game genres.** Bili's legacy game titles maintain solid performance: 1) *Azur Lane* celebrated its 8<sup>th</sup> anniversary with over 1mn MAUs and steadily increasing paid users; 2) *FGO*'s revenue grew by 31% YoY in 2024 after eight years of operation; 3) *San Mou* active users reached a peak during the anniversary celebration in Jun 2025. On new game pipeline: 1) *Trickcal RE: VIVE*, a meme-infused anime mobile game, is planned for the global launch in 2H25; 2) *Escape from Duckov*, a PvE Search/Engage/Extract game, was added by over 200k users to their wish list. Looking ahead, Bili will continue to focus on “youthification” of game genres, i.e. developing/publishing games that adapt to the habits of the young generation.
- **AI to empower business growth.** On ad monetization front, AI improved Bili's recommendation algorithms, creative generation and smart placement. AI smart placement accounted for c.20% of total ad spending in 2Q25, and Bili expects this percentage to reach c.50% by end-2025. On community front, Bili launched several AI tools to support the healthy development of content ecosystem, such as AI video translation, AI search, AI comment analysis and AI content review. We expect these AI products to drive quality earnings growth of the company.

### 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
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)	2.9	2.4	2.1	1.9	1.8

Source: Company data, Bloomberg, CMBIGM estimates

**BUY (Maintain)**

**Target Price** US\$26.50  
**Up/Downside** 23.5%  
**Current Price** US\$21.46

### China Internet

**Saiyi HE, CFA**  
 (852) 3916 1739  
 hesaiyi@cmbi.com.hk

**Wentao LU, CFA**  
 luwentao@cmbi.com.hk

**Ye TAO, CFA**  
 franktao@cmbi.com.hk

**Joanna Ma**  
 (852) 3761 8838  
 joannama@cmbi.com.hk

### Stock Data

Mkt Cap (US\$ mn)	9,013.0
Avg 3 mths t/o (US\$ mn)	24.7
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%

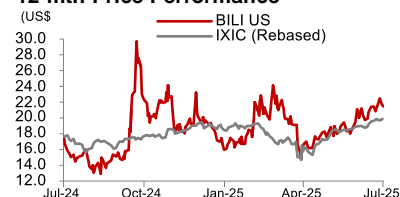
Source: Company data

### Share Performance

	Absolute	Relative
1-mth	1.9%	-2.9%
3-mth	28.6%	4.5%
6-mth	34.3%	25.1%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

## 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
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
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
<b>Net cash from operations</b>	<b>(3,911)</b>	<b>267</b>	<b>6,015</b>	<b>5,850</b>	<b>6,560</b>	<b>7,172</b>
<b>Investing</b>						
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)
<b>Net cash from investing</b>	<b>10,609</b>	<b>1,762</b>	<b>(138)</b>	<b>(2,186)</b>	<b>(2,357)</b>	<b>(2,397)</b>
<b>Financing</b>						
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
<b>Net cash from financing</b>	<b>(4,355)</b>	<b>(5,075)</b>	<b>(2,825)</b>	<b>(1,500)</b>	<b>(500)</b>	<b>0</b>
<b>Net change in cash</b>						
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
<b>Cash at the end of the year</b>	<b>10,187</b>	<b>7,242</b>	<b>10,299</b>	<b>12,511</b>	<b>16,213</b>	<b>20,988</b>
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
<b>YE 31 Dec</b>						
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
<b>YE 31 Dec</b>						
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
<b>YE 31 Dec</b>						
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
<b>YE 31 Dec</b>						
P/E	ns	ns	ns	78.0	36.0	24.2
P/E (diluted)	ns	ns	ns	78.0	36.0	24.2
P/B	4.0	4.4	4.5	4.0	3.3	2.8

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

# Disclosures & Disclaimers

## Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report. Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## CMBIGM Ratings

**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

## CMB International Global Markets Limited

**Address:** 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

**CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)**

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.