

Bilibili (BILI US)

2Q25 preview: advertising and mobile game businesses providing strong support

We expect Bili 2Q25E total revenue to increase by 20% YoY and 5% QoQ to RMB7.38bn, and adjusted net income to grow by 36% QoQ to RMB493mn, both largely in line with Bloomberg consensus estimate. We expect ad business to maintain strong YoY growth, supported by the improved commercial infrastructure, and mobile games to see sustained momentum driven by both legacy games and *SanMou*. The solid growth of high-margin ad and mobile game businesses continued to support Bili's margin expansion. We slightly lower FY25 total revenue forecast by 1%, mainly due to our more conservative views on VAS businesses amid intense competition in 2H25E. That said, we remain upbeat on Bili's earnings growth outlook, supported by its improving monetization and operating leverage. We raise our SOTP-derived target price to US\$28.8 in view of the rerating of ad and mobile games sector. Maintain BUY.

- **Advertising and mobile game businesses likely maintained solid momentum.** For 2Q25E, by segment, we expect: 1) advertising revenue to grow by 19% YoY to RMB2.4bn, mainly driven by the enhanced monetization and solid performance during the 618 Shopping Festival—revenue from transaction-related ads grew by 41% YoY, and GMV of consumer goods at over RMB1,000 grew by 49% YoY during the 618 Shopping Festival this year; 2) mobile games revenue to increase by 63% YoY to RMB1.6bn, driven by both legacy titles and *SanMou*—*SanMou* active users reached a peak during the anniversary celebration in Jun 2025; 3) VAS revenue to grow by 11% YoY to RMB2.8bn, driven by the resilient live streaming business and innovative monetization methods like the Fan Charging program; 4) IP derivatives and others revenue to decline by 10% YoY to RMB467mn.
- **Continued margin expansion.** We forecast overall GPM to expand from 29.9%/36.3% in 2Q24/1Q25 to 36.7% in 2Q25E, thanks to effective cost control and operating leverage. Bili has adopted AI to improve its operating efficiency, especially in the content censorship process. Overall, we expect adjusted net margin to expand by 11ppt/1ppt YoY/QoQ to 6.7% in 2Q25E. We expect margin expansion to continue in 2H25E, driven by growth of high-margin businesses and cost control.
- **Eye on key catalysts in 2H25E.** Several catalysts to watch in 2H25E: 1) We expect AI to improve ad monetization and content ecosystem. AI smart placement already represented c.20% of total ad spending in 2Q25, and we expect this percentage will further rise in 2H25 to enhance ROI of Bili's ad solutions. Bili will also further roll out AI tools such as AI video translation and AI search. 2) Several highly-anticipated game titles are planned for launch in 2H25, including *Trickcal RE: VIVE* (a meme-infused anime mobile), *Escape from Duckov* (a PvE Search/Engage/Extract game), and the international version of *SanMou*.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	22,528	26,832	30,150	32,808	34,818
YoY growth (%)	2.9	19.1	12.4	8.8	6.1
Gross margin (%)	24.2	32.7	36.8	38.5	40.2
Adjusted net profit (RMB mn)	(3,533.8)	(22.1)	2,124.1	3,144.2	3,985.3
YoY growth (%)	na	na	na	48.0	26.8
EPS (Adjusted) (RMB cents)	(854.72)	(5.32)	505.64	748.46	948.69
P/S (x)	3.3	2.8	2.5	2.3	2.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$28.80
 (Previous TP) US\$26.50
Up/Downside 15.0%
Current Price US\$25.05

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Stock Data

Mkt Cap (US\$ mn)	10,523.2
Avg 3 mths t/o (US\$ mn)	26.1
52w High/Low (US\$)	29.66/12.96
Total Issued Shares (mn)	420.1

Source: FactSet

Shareholding Structure

Rui Chen	13.7%
Tencent	9.3%

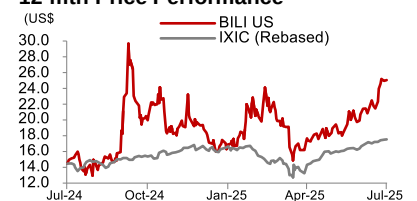
Source: Company data

Share Performance

	Absolute	Relative
1-mth	21.0%	14.6%
3-mth	41.8%	15.8%
6-mth	48.3%	40.8%

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	30,150	32,808	34,818	30,584	33,261	35,285	-1.4%	-1.4%	-1.3%
Gross profit	11,092	12,617	13,996	11,272	12,809	14,203	-1.6%	-1.5%	-1.5%
Adj. net profit	2,124	3,144	3,985	2,244	3,207	4,058	-5.3%	-1.9%	-1.8%
Adj. EPS (RMB)	5.1	7.5	9.5	5.3	7.6	9.7	-5.3%	-1.9%	-1.8%
Gross margin	36.8%	38.5%	40.2%	36.9%	38.5%	40.3%	-0.1 ppt	-0.1 ppt	-0.1 ppt
Adjusted net margin	7.0%	9.6%	11.4%	7.3%	9.6%	11.5%	-0.3 ppt	-0.1 ppt	-0.1 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	30,150	32,808	34,818	30,457	33,275	36,053	-1.0%	-1.4%	-3.4%
Gross profit	11,092	12,617	13,996	11,234	12,792	14,347	-1.3%	-1.4%	-2.4%
Adj. net profit	2,124	3,144	3,985	2,166	3,158	4,111	-1.9%	-0.4%	-3.0%
Adj. EPS (RMB)	5.1	7.5	9.5	5.1	7.4	9.5	-0.3%	1.2%	0.3%
Gross margin	36.8%	38.5%	40.2%	36.9%	38.4%	39.8%	-0.1 ppt	0.0 ppt	0.4 ppt
Adjusted net margin	7.0%	9.6%	11.4%	7.1%	9.5%	11.4%	-0.1 ppt	0.1 ppt	0.0 ppt

Source: Bloomberg, CMBIGM estimates

SOTP Valuation

Based on the SOTP valuation, our target price for Bili is US\$28.8 per ADS, including:

- 1) US\$14.5 for the advertising business (50% of the total valuation), based on an 18x 2025E PE. The target PE multiple is at a premium to the industry average (15x 2025E PE), reflecting Bili's strong ad monetization potential and revenue growth outlook.
- 2) US\$6.4 for the VAS business (22% 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\$7.7 for mobile games (27% of the total valuation), based on an 18x 2025E PE. The target PE multiple is at a discount to the industry average (23x 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 3: Bili: SOTP Valuation

(RMBmn)	2025E revenue	Net margin (%)	Target PS (x)	Target PE (x)	Target valuation	As of total valuation
VAS (Live streaming + Membership)	12,026		1.6		19,242	22.1%
Advertising	9,757	25%		18	43,906	50.3%
Mobile games	6,488	20%		18	23,357	26.8%
IP derivatives and others	1,878		0.4		751	0.9%
Total valuation (RMBmn)					87,256	
Number of ADS (mn)					420	
Valuation per ADS (US\$)					28.8	

Source: Company data, CMBIGM estimates

Figure 4: 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	139.5	22	3	17	16
Electronic Arts	EA US	157.0	(8)	24	24	19
Nexon	3659 JP	2,689.0	(12)	13	23	20
Bandai Namco	7832 JP	4,540.0	68	(4)	22	23
Perfect World	002624 CH	14.3	(205)	77	37	21
37 Interactive	002555 CH	16.8	11	11	13	12
Average PE					23	19
Online advertising						
Weibo	WB US	10.2	(5)	6	6	6
Baidu	BIDU US	92.5	3	7	9	8
Meta	Meta US	704.8	11	13	27	24
Google	GOOG US	192.1	20	7	19	18
Average PE					15	14

Source: Bloomberg, CMBIGM

Note: data as at 22 Jul market close

Figure 5: Peer comparison: online video and first-party e-commerce

		Price	EPS growth (YoY %)		PS (x)	
Companies	Ticker	(Local)	FY25E	FY26E	FY25E	FY26E
Online video						
iQiyi	IQ US	2.0	0.3	3.7	0.4	0.4
Mango Excellent Media	300413 CH	22.2	5.9	8.0	2.8	2.6
Average PS					1.6	1.5
First-party e-commerce						
JD	JD US	33.9	14.0	6.3	0.3	0.3
Vipshop	VIPS US	16.3	1.5	2.0	0.6	0.5
Average PS					0.4	0.4

Source: Bloomberg, CMBIGM

Note: data as at 22 Jul market close

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	21,899	22,528	26,832	30,150	32,808	34,818
Cost of goods sold	18,050	17,086	18,058	19,057	20,191	20,822
Gross profit	3,849	5,442	8,774	11,092	12,617	13,996
Operating expenses	12,207	10,506	10,118	10,221	10,794	11,188
Selling expense	4,921	3,916	4,402	4,764	4,987	5,223
Admin expense	2,521	2,122	2,031	2,050	2,198	2,239
R&D expense	4,765	4,467	3,685	3,407	3,609	3,725
Operating profit	(8,358)	(5,064)	(1,344)	872	1,823	2,808
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)	569	1,566	2,549
Interest income	281	542	435	377	433	535
Interest expense	(251)	(165)	(89)	(130)	(57)	(46)
Pre-tax profit	(7,404)	(4,733)	(1,400)	815	1,942	3,038
Income tax	104	79	(37)	52	155	365
After tax profit	(7,508)	(4,812)	(1,364)	763	1,786	2,673
Minority interest	11	(11)	(17)	6	(36)	(53)
Others	0	0	0	0	0	0
Net profit	(7,497)	(4,822)	(1,381)	769	1,751	2,620
Adjusted net profit	(6,692)	(3,534)	(22)	2,124	3,144	3,985

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	24,453	18,727	19,756	22,222	26,280	31,329
Cash & equivalents	10,187	7,242	10,299	12,266	15,901	20,599
Account receivables	1,329	1,574	1,227	1,379	1,500	1,592
Prepayment	3,545	2,063	1,935	2,174	2,366	2,511
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	12,387	11,966	11,535
PP&E	1,227	715	589	730	859	980
Investment in JVs & assos	5,651	4,367	3,912	3,867	3,610	3,351
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	2,222	2,247	2,226
Total assets	41,831	33,159	32,699	34,608	38,246	42,864
Current liabilities	17,093	18,104	14,763	16,111	17,194	17,932
Short-term borrowings	6,621	7,456	1,572	1,572	1,572	1,572
Account payables	4,292	4,334	4,801	5,221	5,532	5,705
Tax payable	6,621	7,456	1,572	1,572	1,572	1,572
Other current liabilities	(2,084)	(2,937)	4,259	4,871	5,390	5,763
Accrued expenses	1,643	1,796	2,559	2,875	3,129	3,320
Non-current liabilities	9,498	651	3,832	2,402	1,958	2,001
Long-term borrowings	8,683	1	3,264	1,764	1,264	1,264
Other non-current liabilities	814	650	568	638	694	737
Total liabilities	26,591	18,755	18,595	18,513	19,153	19,932
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)	(36,022)	(32,989)	(29,097)
Other reserves	(255)	(255)	(255)	(255)	(255)	(255)
Total shareholders equity	15,238	14,392	14,108	16,094	19,127	23,019
Minority interest	2	12	(4)	2	(34)	(87)
Total equity and liabilities	41,831	33,159	32,699	34,608	38,246	42,864

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(7,404)	(4,733)	(1,400)	815	1,942	3,038
Depreciation & amortization	755	727	554	589	639	684
Tax paid	104	79	(37)	52	155	365
Change in working capital	(1,246)	449	3,154	957	770	500
Others	3,878	3,745	3,744	3,169	2,986	2,510
Net cash from operations	(3,911)	267	6,015	5,583	6,492	7,097
Investing						
Capital expenditure	(2,738)	(1,330)	(1,755)	(2,144)	(2,222)	(2,304)
Acquisition of subsidiaries/ investments	(2,646)	(203)	(227)	(204)	0	0
Others	15,994	3,295	1,844	186	(135)	(94)
Net cash from investing	10,609	1,762	(138)	(2,162)	(2,358)	(2,399)
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	12,266	15,901
Exchange difference	321	100	6	47	0	0
Cash at the end of the year	10,187	7,242	10,299	12,266	15,901	20,599

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

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