6 Nov 2026

CMB International Global Markets | Equity Research | Company Update

Bilibili (BILI US)

3Q26 preview: Healthy user community growth; ad revenue growth to slow on macro uncertainty

BiliBili will report 3Q26 results on 24 Nov. We estimate total revenue to grow by 7% YoY to RMB8.23bn, and adjusted operating income to increase by 15% YoY to RMB792mn in 3Q26, primarily driven by the healthy growth of user community and prudent expense control. We expect total user time spent to maintain teens% YoY growth in 3Q26, supported by the improved content ecosystem and enhanced content recommendation. We lower our FY26E total revenue/earnings forecasts by 1%/5% to factor in the weaker-than-expected ad business amid macro uncertainty and soft consumption sentiment. Nonetheless, we still expect Bili's ad revenue growth (+22% YoY in FY26E on our estimates) to outpace its peers, given its solid user traffic growth and improving monetization efficiency. We roll over our valuation window to FY27 and fine-tune our SOTP-derived target price to US$26.0 (previous: US$28.0). Maintain BUY.

- **Resilient earnings growth ahead.** We estimate Bili's adjusted operating income to grow at a 22% CAGR over FY25-28E, primarily fuelled by the strong business growth and operating leverage. The company's current valuation of 11x FY27E non-GAAP PE (0.5x PEG) offers attractive risk-reward in our view, especially given that the overhang of Tencent's divestment has been largely removed via notes offering and equity placement in Sep 2026. Maintain BUY on solid earnings growth outlook and attractive valuation.
- **Expect slight deceleration in ad revenue growth amid macro uncertainty.** For 3Q26, 1) we forecast advertising revenue to increase by 19% YoY to RMB3.06bn driven by user traffic growth and enhanced monetization, with a slight deceleration (2Q26/1Q26: +30%/+28% YoY) mainly due to the soft consumption sentiment and high-base effect; 2) we estimate mobile games revenue to decline by 8% YoY but to remain flattish QoQ at RMB1.39bn, and we expect mobile games revenue to return to positive YoY growth in 4Q26E thanks to the new titles like *Lumi Master*; 3) we forecast VAS revenue to grow by 5% YoY to RMB3.19bn, supported by steady membership business.
- **Margin expansion remains on track.** We remain upbeat on Bili's margin expansion trend going forward, supported by operating leverage and its prudent expense control. We estimate adjusted OPM to expand by 0.6ppt/0.8ppt YoY/QoQ to 9.6% in 3Q26. The company continues to make AI investment (c.RMB1bn in total AI capex in FY26E per management) in a prudent way, and has seen AI benefits on multiple fronts such as content production, content recommendation and ad monetization.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	26,832	30,348	32,591	35,148	36,827
YoY growth (%)	19.1	13.1	7.4	7.8	4.8
Gross margin (%)	32.7	36.6	37.3	38.3	39.4
Adjusted net profit (RMB mn)	(22.1)	2,615.8	2,945.3	3,632.0	4,448.3
EPS (Adjusted) (RMB)	(0.05)	5.89	6.47	7.98	9.78
Consensus EPS (RMB)	(0.05)	5.76	7.03	9.14	11.76
P/S (x)	1.6	1.4	1.3	1.2	1.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$26.00**
(Previous TP	US$28.00)
Up/Downside	**82.5%**
Current Price	**US$14.25**

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Stock Data

Mkt Cap (US$ mn)	6,484.4
Avg 3 mths t/o (US$ mn)	19.8
52w High/Low (US$)	35.92/12.68
Total Issued Shares (mn)	455.0

Source: FactSet

Shareholding Structure

Rui Chen	12.6%

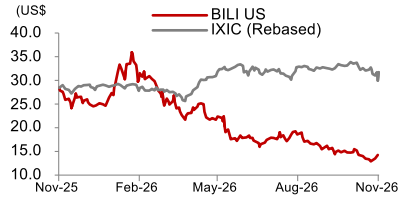
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-4.4%	2.6%
3-mth	-23.6%	-21.8%
6-mth	-36.3%	-36.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Bili: forecast revision

	Current			Previous			Change (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	32,591	35,148	36,827	32,826	35,393	36,905	-0.7%	-0.7%	-0.2%
Gross profit	12,147	13,470	14,497	12,255	13,650	14,661	-0.9%	-1.3%	-1.1%
Adj. OP	2,904	3,773	4,515	3,058	4,133	5,071	-5.1%	-8.7%	-11.0%
Adj. net profit	2,945	3,632	4,448	3,093	3,896	4,899	-4.8%	-6.8%	-9.2%
Adj. EPS (RMB)	6.5	8.0	9.8	6.8	8.6	10.8	-4.8%	-6.8%	-9.2%
Gross margin	37.3%	38.3%	39.4%	37.3%	38.6%	39.7%	-0.1 ppt	-0.2 ppt	-0.4 ppt
Adjusted OPM	8.9%	10.7%	12.3%	9.3%	11.7%	13.7%	-0.4 ppt	-0.9 ppt	-1.5 ppt
Adjusted net margin	9.0%	10.3%	12.1%	9.4%	11.0%	13.3%	-0.4 ppt	-0.7 ppt	-1.2 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	32,591	35,148	36,827	32,767	36,061	38,885	-0.5%	-2.5%	-5.3%
Gross profit	12,147	13,470	14,497	12,232	13,846	15,308	-0.7%	-2.7%	-5.3%
Adj. OP	2,904	3,773	4,515	2,954	3,919	4,942	-1.7%	-3.7%	-8.6%
Adj. net profit	2,945	3,632	4,448	3,040	3,901	4,810	-3.1%	-6.9%	-7.5%
Adj. EPS (RMB)	6.5	8.0	9.8	6.8	8.7	10.9	-4.5%	-8.5%	-10.1%
Gross margin	37.3%	38.3%	39.4%	37.6%	38.8%	39.8%	-0.3 ppt	-0.4 ppt	-0.4 ppt
Adjusted OPM	8.9%	10.7%	12.3%	9.2%	11.2%	13.1%	-0.3 ppt	-0.4 ppt	-0.8 ppt
Adjusted net margin	9.0%	10.3%	12.1%	9.4%	11.0%	12.8%	-0.4 ppt	-0.7 ppt	-0.8 ppt

Source: Visible Alpha, CMBIGM estimates

SOTP Valuation

Based on the SOTP valuation, our target price for Bili is US$26.0 per ADS, including:

1) US$12.3 for the advertising business (47% of the total valuation), based on an 18x 2027E PE. The target PE multiple is at a premium to the industry average (17x 2026E PE), reflecting Bili's strong ad monetization potential and revenue growth outlook.

2) US$7.0 for the VAS business (27% of the total valuation), based on a 1.7x 2027E PS. The target PS multiple is on par with the average PS of other video platforms.

3) US$6.5 for mobile games (25% of the total valuation), based on a 16x 2027E PE. The target PE multiple is on par with the industry average.

4) US$0.2 for IP derivatives and others (1% of the total valuation), based on a 0.3x 2027E PS. The target PS multiple is on par with the average PS of the other e-commerce platforms.

Figure 3: Bili: SOTP Valuation

(RMBmn)	2027E revenue	Net margin (%)	Target PS (x)	Target PE (x)	Target valuation	As of total valuation
VAS (Live streaming + Membership)	12,811		1.7		21,779	27.1%
Advertising	14,085	15%		18	38,031	47.3%
Mobile games	6,268	20%		16	20,057	24.9%
IP derivatives and others	1,984		0.3		595	0.7%
Total valuation (RMBmn)					**80,462**	
Number of ADS (mn)					455	
Valuation per ADS (US$)					**26.0**	

Source: Company data, CMBIGM estimates
Note: CNY/USD = 6.8

Figure 4: Peer comparison: online games and advertising sector

Companies	Ticker	Price (Local)	PE (x) FY27E	PE (x) FY28E	PS (x) FY27E	PS (x) FY28E
Online games						
NetEase	NTES US	126.6	11.1	10.3	3.7	3.5
Nexon	3659 JP	2,943.0	20.2	19.6	4.1	4.0
Bandai Namco	7832 JP	6,759.0	24.2	22.1	2.6	2.5
Perfect World	002624 CH	11.4	13.0	10.1	2.4	2.1
37 Interactive	002555 CH	16.7	11.8	10.6	2.1	1.9
Average			**16.1**	**14.6**	**3.0**	**2.8**
Online advertising						
Focus Media	002027 CH	5.5	13.2	12.4	5.9	5.7
Meta	Meta US	605.1	17.9	15.0	5.0	4.1
Google	GOOG US	282.6	21.2	17.4	6.2	5.0
Average			**17.4**	**14.9**	**5.7**	**5.0**
Online video						
iQiyi	IQ US	0.9	16.2	7.0	0.2	0.2
Mango Excellent	300413 CH	32.8	60.7	47.5	3.2	3.0
Average			**38.4**	**27.2**	**1.7**	**1.6**
1P e-commerce						
JD	JD US	28.6	6.1	5.2	0.2	0.2
Vipshop	VIPS US	14.0	5.0	4.9	0.4	0.4
Average			**5.6**	**5.0**	**0.3**	**0.3**

Source: Bloomberg, Visible Alpha, CMBIGM
Note: data as of 5 Nov market close

Risks

Macro uncertainty impacts ad budgets; slowdown in games revenue growth; tightening regulations.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**22,528**	**26,832**	**30,348**	**32,591**	**35,148**	**36,827**
Cost of goods sold	17,086	18,058	19,234	20,444	21,679	22,330
Gross profit	**5,442**	**8,774**	**11,114**	**12,147**	**13,470**	**14,497**
Operating expenses	**10,506**	**10,118**	**9,990**	**10,641**	**11,124**	**11,307**
Selling expense	3,916	4,402	4,394	4,514	4,640	4,714
Admin expense	2,122	2,031	2,062	2,102	2,162	2,174
R&D expense	4,467	3,685	3,533	4,025	4,323	4,419
Operating profit	**(5,064)**	**(1,344)**	**1,124**	**1,506**	**2,345**	**3,189**
Investment gain/loss	(436)	(470)	(242)	(133)	(176)	(175)
Other gains/(losses)	389	68	45	(69)	0	0
EBIT	**(5,111)**	**(1,746)**	**927**	**1,304**	**2,170**	**3,015**
Interest income	542	435	432	431	465	470
Interest expense	(165)	(89)	(151)	(148)	(136)	(129)
Pre-tax profit	**(4,733)**	**(1,400)**	**1,208**	**1,586**	**2,499**	**3,356**
Income tax	79	(37)	17	101	250	336
After tax profit	**(4,812)**	**(1,364)**	**1,191**	**1,485**	**2,249**	**3,020**
Minority interest	(11)	(17)	3	(4)	(45)	(60)
Others	0	0	0	0	0	0
Net profit	**(4,822)**	**(1,381)**	**1,194**	**1,480**	**2,204**	**2,960**
Adjusted net profit	**(3,534)**	**(22)**	**2,616**	**2,945**	**3,632**	**4,448**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**18,727**	**19,756**	**27,550**	**29,667**	**34,109**	**39,054**
Cash & equivalents	7,242	10,299	12,234	13,691	17,661	22,233
Account receivables	1,574	1,227	1,268	1,490	1,607	1,684
Prepayment	2,063	1,935	2,078	2,350	2,535	2,656
ST bank deposits	5,195	3,588	5,522	5,688	5,859	6,034
Other current assets	2,653	2,707	6,447	6,447	6,447	6,447
Non-current assets	**14,432**	**12,942**	**13,618**	**13,955**	**14,131**	**14,168**
PP&E	715	589	695	1,517	2,125	2,596
Investment in JVs & assos	4,367	3,912	4,762	4,629	4,453	4,278
Intangibles	3,628	3,201	3,110	2,793	2,520	2,291
Goodwill	2,725	2,725	2,818	2,818	2,818	2,818
Other non-current assets	2,998	2,515	2,233	2,198	2,216	2,185
Total assets	**33,159**	**32,699**	**41,168**	**43,622**	**48,240**	**53,222**
Current liabilities	**18,104**	**14,763**	**20,327**	**20,521**	**21,615**	**22,276**
Short-term borrowings	7,456	1,572	4,861	4,861	4,861	4,861
Account payables	4,334	4,801	5,497	5,601	5,939	6,118
Tax payable	7,456	1,572	4,861	4,861	4,861	4,861
Other current liabilities	(2,937)	4,259	1,917	2,090	2,602	2,925
Accrued expenses	1,796	2,559	3,191	3,108	3,352	3,512
Non-current liabilities	**651**	**3,832**	**5,292**	**6,714**	**6,768**	**6,803**
Long-term borrowings	1	3,264	4,776	6,024	6,024	6,024
Other non-current liabilities	650	568	516	689	744	779
Total liabilities	**18,755**	**18,595**	**25,619**	**27,234**	**28,383**	**29,079**
Share capital	0	0	0	0	0	0
Capital surplus	46,410	52,371	47,307	47,307	47,307	47,307
Retained earnings	(31,763)	(38,007)	(31,478)	(30,635)	(27,120)	(22,774)
Other reserves	(255)	(255)	(255)	(255)	(255)	(255)
Total shareholders equity	**14,392**	**14,108**	**15,573**	**16,417**	**19,931**	**24,277**
Minority interest	12	(4)	(25)	(29)	(74)	(135)
Total equity and liabilities	**33,159**	**32,699**	**41,168**	**43,622**	**48,240**	**53,222**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(4,733)**	**(1,400)**	**1,208**	**1,586**	**2,499**	**3,356**
Depreciation & amortization	727	554	481	639	926	1,139
Tax paid	79	(37)	17	101	250	336
Change in working capital	449	3,154	2,228	(301)	793	463
Others	3,745	3,744	3,213	3,106	2,723	2,577
Net cash from operations	**267**	**6,015**	**7,147**	**5,132**	**7,191**	**7,871**
Investing						
Capital expenditure	(1,330)	(1,755)	(1,827)	(2,916)	(3,033)	(3,155)
Acquisition of subsidiaries/ investments	(203)	(227)	(1,743)	0	0	0
Others	3,295	1,844	(5,770)	(131)	(188)	(145)
Net cash from investing	**1,762**	**(138)**	**(9,341)**	**(3,047)**	**(3,221)**	**(3,299)**
Financing						
Net borrowings	(82)	3,240	18	1,248	0	0
Proceeds from share issues	2,689	0	0	0	0	0
Others	(7,682)	(6,066)	4,069	(2,040)	0	0
Net cash from financing	**(5,075)**	**(2,825)**	**4,087**	**(792)**	**0**	**0**
Net change in cash						
Cash at the beginning of the year	10,187	7,242	10,299	12,234	13,691	17,661
Exchange difference	100	6	41	164	0	0
Cash at the end of the year	**7,242**	**10,299**	**12,234**	**13,691**	**17,661**	**22,233**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	2.9%	19.1%	13.1%	7.4%	7.8%	4.8%
Gross profit	41.4%	61.2%	26.7%	9.3%	10.9%	7.6%
Operating profit	na	na	na	33.9%	55.7%	36.0%
EBIT	na	na	na	40.7%	66.4%	38.9%
Net profit	na	na	na	24.0%	48.9%	34.3%
Adj. net profit	na	na	na	12.6%	23.3%	22.5%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	24.2%	32.7%	36.6%	37.3%	38.3%	39.4%
Operating margin	(22.5%)	(5.0%)	3.7%	4.6%	6.7%	8.7%
Adj. net profit margin	(15.7%)	(0.1%)	8.6%	9.0%	10.3%	12.1%
Return on equity (ROE)	(32.6%)	(9.7%)	8.0%	9.3%	12.1%	13.4%

GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.0	(0.4)	(0.2)	(0.2)	(0.3)	(0.5)
Current ratio (x)	1.0	1.3	1.4	1.4	1.6	1.8
Receivable turnover days	25.5	16.7	15.3	16.7	16.7	16.7
Payable turnover days	92.6	97.1	104.3	100.0	100.0	100.0

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	ns	ns	33.4	26.9	18.1	13.4
P/E (diluted)	ns	ns	35.4	29.2	19.6	14.6
P/B	2.7	2.8	2.6	2.4	2.0	1.6

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

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