

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 8th 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

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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%

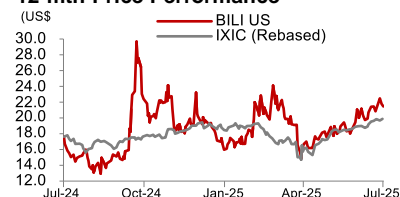
Source: Company data

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
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	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.

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