22 Aug 2025

CMB International Global Markets | Equity Research | Company Update

招银国际 CMB INTERNATIONAL

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Bilibili (BILI US)

Inline 2Q25 results; solid 2H25 earnings outlook despite revenue deceleration

BiliBili reported 2Q25 results: total revenue increased by 20% YoY to RMB7.34bn, in line with consensus estimate; adjusted net income reached RMB562mn (vs. net loss of RMB272mn in 2Q25), 8% ahead of Bloomberg consensus estimate, primarily thanks to the better-than-expected S&M expenses control (+1% YoY). Looking into 3Q25E, we forecast total revenue to increase by 4% YoY. The deceleration of growth may be mainly due to the tough comps of mobile game business and rising investor concern on 2H25E revenue growth outlook. That said, we expect that advertising and VAS businesses will remain resilient, and the margin expansion trend will continue in 2H25E. We lift our FY25-27E non-GAAP earnings forecasts by 1-7%, in view of the strong margin expansion trend. We raise our SOTP-derived target price to US$30.0 (previous: US$28.8). Maintain BUY.

- **Solid 2Q25 revenue growth.** In 2Q25: 1) VAS revenue increased by 11% YoY to RMB2.84bn, driven by steady momentum across live streaming and membership businesses. Fan Charging program continued to see solid growth, with revenue up by over 100% YoY, becoming the third largest revenue contributor of the VAS business. 2) Advertising revenue grew by 20% YoY to RMB2.45bn, primarily fuelled by c.30% YoY growth in performance-based advertising revenue. The company leverages AI to improve ad conversion and placement efficiency. Around 10% of new ad titles and over 30% of ad covers were created by AIGC tools in 2Q25. 3) Mobile games revenue was up by 60% YoY to RMB1.61bn, mainly thanks to the strong performance of *SanMou* and strength in *FGO* and *Azur Lane*.
- **Advertising and VAS businesses to sustain healthy growth in 2H25.** Looking ahead in 3Q25E, we forecast total revenue to increase by 4% YoY to RMB7.59bn. We expect mobile games revenue to decline by 17% YoY in 3Q25E, mainly due to the tough comps and normalization of *SanMou's* revenue. The company plans to launch the international version of *SanMou* by end-FY25, and multiple ACG games and casual games are also pending for regulatory approval, which should support mobile games revenue growth in FY26E, in our view. We forecast advertising/VAS revenue to maintain healthy growth of 21%/10% YoY in 3Q25E.
- **Expect further margin expansion in 2H25E.** GPM was up by 6.5ppts YoY to 36.5% in 2Q25, mainly attributable to strong performance of mobile games and advertising businesses; adjusted OPM improved by 12.4ppts YoY to 7.8% in 2Q25, driven by both opex control and GPM expansion. Looking ahead, management expects GPM/adjusted OPM to maintain QoQ expansion trend in 3Q25 & 4Q25E, and reach c.37%/10% in 4Q25E. In the longer term, management reiterates the GPM/adjusted OPM target of 40-45%/15-20%.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	22,528	26,832	30,070	32,735	34,676
YoY growth (%)	2.9	19.1	12.1	8.9	5.9
Gross margin (%)	24.2	32.7	36.7	38.5	40.2
Adjusted net profit (RMB mn)	(3,533.8)	(22.1)	2,276.5	3,201.8	4,009.0
YoY growth (%)	na	na	na	40.6	25.2
EPS (Adjusted) (RMB cents)	(854.72)	(5.32)	541.91	762.17	954.32
Consensus EPS (RMB)	(8.55)	(0.05)	5.10	7.33	9.67
P/S (x)	3.2	2.7	2.4	2.2	2.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$30.00**
(Previous TP	US$28.80)
Up/Downside	**26.3%**
Current Price	**US$23.76**

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Stock Data

Mkt Cap (US$ mn)	9,981.3
Avg 3 mths t/o (US$ mn)	30.1
52w High/Low (US$)	29.66/13.66
Total Issued Shares (mn)	420.1

Source: FactSet

Shareholding Structure

Rui Chen	13.7%
Tencent	9.3%

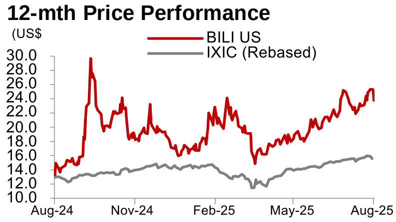
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-4.0%	-4.9%
3-mth	29.5%	16.1%
6-mth	4.1%	-3.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Bili: forecast revision

	Current			Previous			Change (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	30,070	32,735	34,676	30,150	32,808	34,818	-0.3%	-0.2%	-0.4%
Gross profit	11,033	12,590	13,935	11,092	12,617	13,996	-0.5%	-0.2%	-0.4%
Adj. net profit	2,277	3,202	4,009	2,124	3,144	3,985	7.2%	1.8%	0.6%
Adj. EPS (RMB)	5.4	7.6	9.5	5.056	7.485	9.487	7.2%	1.8%	0.6%
Gross margin	36.7%	38.5%	40.2%	36.8%	38.5%	40.2%	-0.1 ppt	0.0 ppt	0.0 ppt
Adjusted net margin	7.6%	9.8%	11.6%	7.0%	9.6%	11.4%	0.5 ppt	0.2 ppt	0.1 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	30,070	32,735	34,676	30,327	33,109	35,822	-0.8%	-1.1%	-3.2%
Gross profit	11,033	12,590	13,935	11,174	12,735	14,259	-1.3%	-1.1%	-2.3%
Adj. net profit	2,277	3,202	4,009	2,161	3,199	4,167	5.3%	0.1%	-3.8%
Adj. EPS (RMB)	5.4	7.6	9.5	5.095	7.397	9.672	6.4%	3.0%	-1.3%
Gross margin	36.7%	38.5%	40.2%	36.8%	38.5%	39.8%	-0.2 ppt	0.0 ppt	0.4 ppt
Adjusted net margin	7.6%	9.8%	11.6%	7.1%	9.7%	11.6%	0.4 ppt	0.1 ppt	-0.1 ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: Bili: Quarterly financial figures

(RMB mn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	Cons.	Diff%
Mobile games	983	1,007	1,823	1,798	1,731	1,612	1,616	-0.3%
YoY%	-13.2%	13.1%	83.8%	78.5%	76.1%	60.1%	60.5%	
VAS	2,529	2,566	2,821	3,083	2,807	2,837	2,827	0.3%
YoY%	17.3%	11.5%	8.7%	7.9%	11.0%	10.6%	10.2%	
Advertising	1,669	2,037	2,094	2,389	1,998	2,449	2,418	1.3%
YoY%	31.2%	29.5%	27.8%	23.8%	19.7%	20.2%	18.7%	
IP derivatives and others	484	516	567	465	467	440	468	-5.9%
YoY%	-5.0%	-4.1%	-2.2%	-16.4%	-3.5%	-14.8%	-9.5%	
Total revenue	**5,665**	**6,127**	**7,306**	**7,734**	**7,003**	**7,338**	**7,330**	**0.1%**
YoY%	11.7%	15.5%	25.8%	21.8%	23.6%	19.8%	19.6%	
Average MAUs	**342**	**336**	**348**	**340**	**368**	**363**	**358**	**1.3%**
YoY%	8.3%	3.7%	2.1%	1.2%	7.8%	8.0%	6.6%	
Gross profit margin	**28.3%**	**29.9%**	**34.9%**	**36.1%**	**36.3%**	**36.5%**	**36.6%**	**-0.2ppt**
S&M ratio (%)	16.4%	16.9%	16.5%	16.0%	16.7%	14.3%		
R&D ratio (%)	17.0%	14.6%	12.4%	11.9%	12.0%	11.8%		
Adjusted net margin (%)	-7.8%	-4.4%	3.2%	5.9%	5.2%	7.7%		
Adjusted net profit	**(440)**	**(272)**	**236**	**453**	**363**	**562**	**520**	**8.0%**

Source: Company data, CMBIGM, Bloomberg

SOTP Valuation

Based on the SOTP valuation, our target price for Bili is US$30.0 per ADS, including:

1) US$14.7 for the advertising business (49% 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$7.6 for the VAS business (25% of the total valuation), based on a 1.9x 2025E PS. The target PS multiple is on par with the average PS of other video platforms.

3) US$7.6 for mobile games (25% of the total valuation), based on an 18x 2025E PE. The target PE multiple is at a discount to the industry average (25x 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)	12,062		1.9		22,918	25.2%
Advertising	9,851	25%		18	44,331	48.8%
Mobile games	6,351	20%		18	22,862	25.2%
IP derivatives and others	1,805		0.4		722	0.8%
Total valuation (RMB mn)					**90,833**	
Number of ADS (mn)					420	
Valuation per ADS (US$)					**30.0**	

Source: Company data, CMBIGM estimates

Figure 5: Peer comparison: online games and advertising sector

Companies	Ticker	Price (LC)	EPS growth (YoY %) FY25E	EPS growth (YoY %) FY26E	PE (x) FY25E	PE (x) FY26E
Online games						
NetEase	NTES US	131.9	25	6	16	15
Electronic Arts	EA US	171.6	(8)	26	26	21
Nexon	3659 JP	3,373.0	(9)	16	28	24
Bandai Namco	7832 JP	5,382.0	68	(5)	26	28
Perfect World	002624 CH	15.7	(210)	99	39	20
37 Interactive	002555 CH	17.4	11	12	13	12
Average PE					**25**	**20**
Online advertising						
Weibo	WB US	11.3	(3)	2	6	6
Baidu	BIDU US	87.6	(17)	11	11	10
Meta	Meta US	739.1	38	6	22	21
Google	GOOG US	200.6	27	8	19	18
Average PE					**15**	**14**

Source: Bloomberg, CMBIGM
Note: data as at market close on 21 Aug

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

Companies	Ticker	Price (LC)	EPS growth (YoY %) FY25E	EPS growth (YoY %) FY26E	PE (x) FY25E	PE (x) FY26E
Online video						
iQiyi	IQ US	2.4	(5.0)	3.9	0.6	0.6
Mango Excellent Media	300413 CH	25.6	0.6	6.8	3.3	3.1
Average PS					**1.9**	**1.8**
First-party e-commerce						
JD	JD US	31.2	16.9	6.2	0.2	0.2
Vipshop	VIPS US	17.0	0.8	2.2	0.6	0.6
Average PS					**0.4**	**0.4**

Source: Bloomberg, CMBIGM
Note: data as at market close on 21 Aug

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**21,899**	**22,528**	**26,832**	**30,070**	**32,735**	**34,676**
Cost of goods sold	18,050	17,086	18,058	19,037	20,145	20,741
Gross profit	**3,849**	**5,442**	**8,774**	**11,033**	**12,590**	**13,935**
Operating expenses	**12,207**	**10,506**	**10,118**	**10,013**	**10,737**	**11,079**
Selling expense	4,921	3,916	4,402	4,571	4,976	5,201
Admin expense	2,521	2,122	2,031	2,045	2,160	2,167
R&D expense	4,765	4,467	3,685	3,398	3,601	3,710
Operating profit	**(8,358)**	**(5,064)**	**(1,344)**	**1,020**	**1,853**	**2,856**
Investment gain/loss	(532)	(436)	(470)	(233)	(241)	(242)
Other gains/(losses)	1,457	389	68	(62)	0	0
EBIT	**(7,434)**	**(5,111)**	**(1,746)**	**724**	**1,612**	**2,614**
Interest income	281	542	435	399	461	570
Interest expense	(251)	(165)	(89)	(139)	(57)	(46)
Pre-tax profit	**(7,404)**	**(4,733)**	**(1,400)**	**984**	**2,016**	**3,138**
Income tax	104	79	(37)	119	202	471
After tax profit	**(7,508)**	**(4,812)**	**(1,364)**	**865**	**1,815**	**2,667**
Minority interest	11	(11)	(17)	4	(36)	(53)
Others	0	0	0	0	0	0
Net profit	**(7,497)**	**(4,822)**	**(1,381)**	**869**	**1,778**	**2,614**
Adjusted net profit	**(6,692)**	**(3,534)**	**(22)**	**2,277**	**3,202**	**4,009**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**24,453**	**18,727**	**19,756**	**22,305**	**26,400**	**31,426**
Cash & equivalents	10,187	7,242	10,299	12,360	16,029	20,713
Account receivables	1,329	1,574	1,227	1,375	1,497	1,586
Prepayment	3,545	2,063	1,935	2,168	2,360	2,500
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**	**12,400**	**11,994**	**11,578**
PP&E	1,227	715	589	730	859	980
Investment in JVs & assos	5,651	4,367	3,912	3,883	3,642	3,400
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	2,220	2,243	2,221
Total assets	**41,831**	**33,159**	**32,699**	**34,706**	**38,393**	**43,004**
Current liabilities	**17,093**	**18,104**	**14,763**	**16,083**	**17,159**	**17,867**
Short-term borrowings	6,621	7,456	1,572	1,572	1,572	1,572
Account payables	4,292	4,334	4,801	5,216	5,519	5,683
Tax payable	6,621	7,456	1,572	1,572	1,572	1,572
Other current liabilities	(2,084)	(2,937)	4,259	4,856	5,375	5,734
Accrued expenses	1,643	1,796	2,559	2,868	3,122	3,307
Non-current liabilities	**9,498**	**651**	**3,832**	**2,400**	**1,957**	**1,998**
Long-term borrowings	8,683	1	3,264	1,764	1,264	1,264
Other non-current liabilities	814	650	568	636	693	734
Total liabilities	**26,591**	**18,755**	**18,595**	**18,483**	**19,116**	**19,865**
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)	(35,892)	(32,801)	(28,886)
Other reserves	(255)	(255)	(255)	(255)	(255)	(255)
Total shareholders equity	**15,238**	**14,392**	**14,108**	**16,223**	**19,315**	**23,230**
Minority interest	2	12	(4)	(1)	(37)	(90)
Total equity and liabilities	**41,831**	**33,159**	**32,699**	**34,706**	**38,393**	**43,004**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(7,404)**	**(4,733)**	**(1,400)**	**984**	**2,016**	**3,138**
Depreciation & amortization	755	727	554	589	639	684
Tax paid	104	79	(37)	119	202	471
Change in working capital	(1,246)	449	3,154	939	762	479
Others	3,878	3,745	3,744	3,042	2,907	2,309
Net cash from operations	**(3,911)**	**267**	**6,015**	**5,673**	**6,525**	**7,080**
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	187	(134)	(92)
Net cash from investing	**10,609**	**1,762**	**(138)**	**(2,160)**	**(2,356)**	**(2,396)**
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	12,360	16,029
Exchange difference	321	100	6	47	0	0
Cash at the end of the year	**10,187**	**7,242**	**10,299**	**12,360**	**16,029**	**20,713**

GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	13.0%	2.9%	19.1%	12.1%	8.9%	5.9%
Gross profit	(4.8%)	41.4%	61.2%	25.7%	14.1%	10.7%
Operating profit	na	na	na	na	81.7%	54.1%
EBIT	na	na	na	na	122.5%	62.1%
Net profit	na	na	na	na	104.6%	47.0%
Adj. net profit	na	na	na	na	40.6%	25.2%

PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	17.6%	24.2%	32.7%	36.7%	38.5%	40.2%
Operating margin	(38.2%)	(22.5%)	(5.0%)	3.4%	5.7%	8.2%
Adj. net profit margin	(30.6%)	(15.7%)	(0.1%)	7.6%	9.8%	11.6%
Return on equity (ROE)	(40.6%)	(32.6%)	(9.7%)	5.7%	10.0%	12.3%

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	82.4	40.3	27.4
P/E (diluted)	ns	ns	ns	82.4	40.3	27.4
P/B	4.4	4.9	5.0	4.4	3.7	3.1

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

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