



Baidu, Inc. (BIDU, BUY)

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4Q Mixed; Growth and Margins to Gradually Improve in 2025

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Maintain BUY but Decrease PT to \$118

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We are maintaining our BUY rating but decreasing PT to \$118 (was \$120) after BIDU reported mixed 4Q results with revenue above but profits below consensus.

Baidu Core ad revenue declined 7% y/y, vs. -5% in 3Q, as macro remained weak and more search results are now AI generated, which is not monetized. Specifically, 22% of search result pages now contain generated content, up from last reported 20%. Mgmt. believes AI transformation efforts are improving user experience, engagement, and future monetization opportunities.

On AI development, Baidu WenKu subscription revenue grew 21% y/y, AI-enabled feature MAUs reached 94M, up 216% y/y. BIDU is open sourcing the upcoming ERNIE 4.5 Series, and believes the decision will accelerate adoption; ERNIE daily API calls reached 1.65B, up 178% q/q. More advertisers are using ERNIE-powered AI agents, particularly in sectors like healthcare, legal, and education.

The biggest positive surprise was from cloud, with revenue up 26% y/y in 4Q (decelerating 15pts from 3Q) to RMB 7.1B, driven by rapid AI related revenue growth. Moreover, the mgmt. believe DeepSeek meaningfully accelerates AI adoption and expect revenue growth in AI Cloud to remain strong (likely over 20% y/y in 2025), benefiting from rising adoption of AI-driven solutions across industries.

Apollo Go is now 100% fully driverless operations across China since February 2025 and UE continued to improve. Ride volumes are expected to accelerate significantly in 2025, following 36% YoY growth in Q4. Apollo Go is expanding beyond Mainland China, with Hong Kong testing paving the way for new markets. BIDU is exploring asset-light business models, including partnerships with taxi operators and fleet services, to scale efficiently.

Looking ahead, monetization of AI-generated results is planned, although the exact timing will depend on further refinements. Core ad revenue growth should turn positive in the 2H, and cloud revenue will remain strong with continued margin expansion. As a result, BIDU believes revenue growth and margins will gradually improve through 2025.

2025 investments will focus on advancing AI technology, improving AI Cloud offerings, and deepening search transformation, with moderate growth of Capex.

Baidu repurchased \$1B in 2024, accelerating its share buyback program and plans to increase buybacks under the 2023 program.

4Q revenue 1%/2% above Tiger/Street. Baidu Core advertising revenue -7% y/y (vs. -6% in 3Q). Non-ad Core revenue was RMB 9.8B, +18% y/y (accelerating 6pts from 3Q). Within non-ad, Cloud revenue grew 26% y/y to RMB 7.1B, and non-cloud grew 1% y/y.

EBITDA 2%/12% below Tiger/Street. Gross profit was 1% above Tiger but 2% below Street. SG&A expenses were 4% below Tiger, and R&D was 13% below.

Estimate revisions. Increasing 1Q Baidu Core revenue by 1%, Core gross profit by 2%, and non-GAAP EBIT by 2%. Increasing 2Q:25E Baidu Core revenue estimate by 1%, and Core gross profit by 1%, and Core non-GAAP operating income by 1%. For IQ estimate revisions, please see our IQ earnings note dated 2/18.

BIDU - Stock Data (as of 2/18/2025)

Table with 2 columns: Metric and Value. Includes Ticker (BIDU), Rating (BUY), Current Price (\$90.35), Target Price (\$120.00), Enterprise Value (\$30,880), Market Cap (\$31,431), Shares Outstanding (348), 52-week Price Range (\$77.20 - \$116.50), and 30-day Avg. Trading Volume (5.45).

BIDU - Key Metrics (RMB Bn, except EPS)

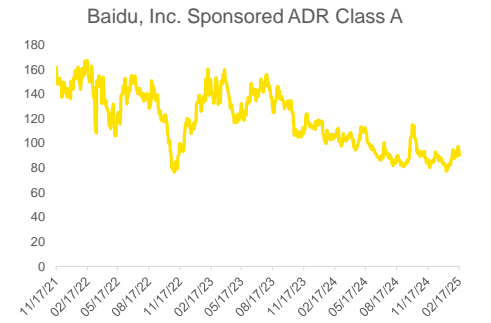
Table with 5 columns: Fiscal Year Ending, Dec-22, Dec-23, Dec-24, Dec-25E. Rows include Revenue, Revenue Growth, Gross Profit, Non-GAAP Operating Income, Non-GAAP EPADS (US\$), EV/Sales, and PE (Non-GAAP).

Quarterly Revenue (RMB mm)

Table with 5 columns: Year, 1Q, 2Q, 3Q, 4Q. Rows include 2023A, 2024A, and 2025E.

Quarterly non-GAAP EPS (\$)

Table with 5 columns: Year, 1Q, 2Q, 3Q, 4Q. Rows include 2023A, 2024A, and 2025E.



Source : FactSet, US Tiger Securities estimates



**Risks:** 1) Competition: Baidu is competing with larger companies (e.g., Alibaba, Tencent, ByteDance, and Huawei) in China's digital advertising and public cloud market; 2) Foreign company risk: US has passed the Holding Foreign Companies Accountable Act, which requires more disclosures by Chinese companies listed in the US and might impact their listing status; 3) Data security risk: China is tightening the data security rules and might restrict companies with sensitive data from listing overseas; 4) VIE risk: China might also tighten the use of a VIE (Variable Interest Entity), a corporate structure most Chinese Internet companies use to attract foreign capital and list overseas; 5) AD legislation risk: the commercialization of autonomous driving depends on legislation, which is not under Baidu's control; and 6) PR risk: Safety accidents, if happen, could potentially delay BIDU's monetization of autonomous driving.

**Valuation:** Our \$118 (was \$120) PT is based on SOTP: Baidu Core marketing at \$18.2B, on 4.0x '25E EBITDA, vs. GOOG's 13x, on slower growth; 2) Baidu Cloud at \$7.3B, based on 1.8x '25E sales; 3) Autonomous driving (Apollo) at US\$5.0B, on comp analysis; 4) SLG (Smart Living Group) valued at \$0.96B; 5) equity investments (IQ, TCOM, etc.) at \$5.7B, based on current market prices; 6) A (\$5.6B) holding company discount at 15%; and 7) Net cash of \$9.5B.

Figure 1: Actual vs. Expected (RMB millions, except EPS)

(¥'s in millions except EPS)	3Q24A	4Q24E	4Q24A	Delta	
Online marketing services	¥20,108	¥19,057	¥19,340	1%	
Search + Feed Revenue	¥18,771	¥17,621	¥17,906	2%	
Video ad (iQiyi ad)	¥1,337	¥1,436	¥1,434	0%	
Others	¥13,449	¥14,566	¥14,784	1%	
iQiyi Membership	¥4,366	¥4,109	¥4,103	0%	
iQiyi Others	¥1,543	¥1,092	¥1,077	-1%	
Baidu Cloud + AI	¥7,540	¥9,365	¥9,604	3%	
<b>Reported Gross Revenue</b>	<b>¥33,557</b>	<b>¥33,623</b>	<b>¥34,124</b>	<b>1%</b>	
Y/Y Growth	-3%	-4%	-2%	143	bps
<b>Total Cost of Revenue</b>	<b>(16,399)</b>	<b>(17,649)</b>	<b>(18,014)</b>	<b>2%</b>	
Q/Q Growth	0%	8%	10%		
Y/Y Growth	1%	1%	3%		
<b>Gross Profit</b>	<b>17,158</b>	<b>15,974</b>	<b>16,110</b>	<b>1%</b>	
Gross Margin	51%	48%	47%	-30	bps
SG&A	(5,867)	(6,925)	(6,678)	-4%	
% of Gross Revenue	17%	20%	19%	-98	bps
R&D	(5,366)	(6,328)	(5,515)	-13%	
% of Gross Revenue	15%	18%	15%	-254	bps
<b>Total Operating Expenses</b>	<b>(11,233)</b>	<b>(13,253)</b>	<b>(12,193)</b>	<b>-8%</b>	<b>9%</b>
<b>Operating Income</b>	<b>5,925</b>	<b>2,721</b>	<b>3,917</b>	<b>44%</b>	
Operating Margin	18%	8%	11%	339	bps
Y/Y Growth	-6%	-50%	-27%		
Total Other Income	2,675	1,251	2,660	113%	
<b>Income before income tax</b>	<b>8,600</b>	<b>3,972</b>	<b>6,577</b>	<b>66%</b>	
Provision for income taxes	(814)	(874)	(1,619)	85%	
<b>Net Income</b>	<b>7,632</b>	<b>3,015</b>	<b>5,192</b>	<b>72%</b>	
Net margin	23%	9%	15%	625	bps
Y/Y Growth	14%	16%	100%		
<b>Non-GAAP Net Income</b>	<b>5,886</b>	<b>3,672</b>	<b>6,709</b>	<b>83%</b>	
Non-GAAP Net Margin	18%	11%	20%	874	bps
<b>GAAP EPS (diluted)</b>	<b>¥21.60</b>	<b>¥8.62</b>	<b>¥14.26</b>	<b>65%</b>	
<b>Non-GAAP EPS (diluted)</b>	<b>¥16.60</b>	<b>¥10.50</b>	<b>¥19.18</b>	<b>83%</b>	
Diluted shares	349	350	348	-1%	
<b>EBITDA</b>	<b>8,733</b>	<b>7,112</b>	<b>6,954</b>	<b>-2%</b>	
EBITDA margin	26%	21%	20%	-77	bps
Y/Y Growth	-8%	-21%	-23%		
Effective tax rate	9%	22%	25%	262	bps

Source: Company reports, US Tiger Securities Research



Figure 2: Actual vs. US Tiger vs. Consensus (RMB millions, except EPS)

4Q:24	Actual	Tiger	Consensus	Actual vs. Consensus	Actual vs. Tiger	Tiger vs Consensus
Reported Gross Revenue	¥34,124	¥33,623	¥33,395	2%	1%	1%
Gross Profit	¥16,110	¥15,974	¥16,436	-2%	1%	-3%
Gross Margin	47%	48%	46%	112 bps	-30 bps	142 bps
GAAP Operating Income	¥3,917	¥2,721	¥3,950	-1%	44%	-31%
Margin	11%	8%	10%	122 bps	339 bps	-217 bps
EBITDA	¥6,954	¥7,112	¥7,891	-12%	-2%	-10%
Margin	20%	21%	20%	13 bps	-77 bps	90 bps
GAAP EPADS	¥14.26	¥8.62	¥10.91	31%	65%	-21%
Non-GAAP EPADS	¥19.18	¥10.50	¥14.37	34%	83%	-27%

Source: FactSet Consensus, Company reports, US Tiger Securities Research



Figure 3: Estimate Revisions (RMB millions, except EPS)

(in ¥CNY except EPS)	1Q25E			2Q25E		
	Old	New	Delta	Old	New	Delta
Baidu Core Net revenue	¥24,005	¥24,307	1%	¥27,561	¥27,892	1%
IQ Revenue	¥7,221	¥7,106	-2%	¥7,289	¥7,441	2%
<b>Reported Gross Revenue</b>	<b>¥31,056</b>	<b>¥31,243</b>	<b>1%</b>	<b>¥34,680</b>	<b>¥35,163</b>	<b>1%</b>
y/y Growth	-1%	-1%	59bps	2%	4%	142bps
Baidu Core GP	¥13,086	¥13,308	2%	¥15,413	¥15,636	1%
IQ GP	¥1,784	¥1,776	0%	¥1,859	¥1,860	0%
<b>Gross Profit</b>	<b>¥14,700</b>	<b>¥14,914</b>	<b>1%</b>	<b>¥17,101</b>	<b>¥17,326</b>	<b>1%</b>
Margin	47.3%	47.7%	40bps	49.3%	49.3%	-4bps
y/y Growth	-9%	-8%		-2%	-1%	
Baidu Non-GAAP OP	¥4,430	¥4,523	2%	¥5,785	¥5,821	1%
IQ Non-GAAP OP	¥601	¥606	¥5	¥680	¥646	(¥34)
<b>Non-GAAP Operating Income</b>	<b>¥5,031</b>	<b>¥5,129</b>	<b>2%</b>	<b>¥6,464</b>	<b>¥6,466</b>	<b>0%</b>
Margin	16.2%	16.4%	22bps	18.6%	18.4%	-25bps
y/y Growth	-25%	-23%		-14%	-14%	
<b>Net Income</b>	<b>¥3,706</b>	<b>¥3,817</b>	<b>3%</b>	<b>¥4,610</b>	<b>¥4,659</b>	<b>1%</b>
Margin	11.9%	12.2%	28bps	13.3%	13.3%	-4bps
y/y Growth	-32%	-30%		-16%	-15%	
<b>Non-GAAP Net Income</b>	<b>¥5,011</b>	<b>¥5,073</b>	<b>1%</b>	<b>¥6,160</b>	<b>¥6,158</b>	<b>0%</b>
Margin	16.1%	16.2%	10bps	17.8%	17.5%	-25bps
y/y Growth	-29%	-28%		-17%	-17%	
<b>GAAP EPADS</b>	<b>¥10.57</b>	<b>¥10.94</b>	<b>4%</b>	<b>¥13.11</b>	<b>¥13.32</b>	<b>2%</b>
y/y Growth	-29%	-27%		-13%	-11%	
<b>Non-GAAP EPADS</b>	<b>¥14.29</b>	<b>¥14.54</b>	<b>2%</b>	<b>¥17.52</b>	<b>¥17.60</b>	<b>0%</b>
y/y Growth	-28%	-27%		-17%	-16%	
<b>Adjusted EBITDA</b>	<b>¥7,397</b>	<b>¥7,509</b>	<b>2%</b>	<b>¥8,998</b>	<b>¥9,035</b>	<b>0%</b>
Margin	23.8%	24.0%	22bps	25.9%	25.7%	-25bps
y/y Growth	-10%	-9%		-2%	-1%	

(in ¥CNY except EPS)	FY25E		
	Old	New	Delta
Baidu Core Net revenue	¥108,418	¥110,819	2%
IQ Revenue	¥29,133	¥29,442	1%
<b>Reported Gross Revenue</b>	<b>¥136,871</b>	<b>¥139,581</b>	<b>2%</b>
y/y Growth	3%	5%	165bps
Baidu Core GP	¥60,151	¥61,149	2%
IQ GP	¥7,517	¥7,509	0%
<b>Gross Profit</b>	<b>¥66,988</b>	<b>¥67,979</b>	<b>1%</b>
Margin	48.9%	48.7%	-24bps
y/y Growth	0%	1%	
Baidu Non-GAAP OP	¥22,511	¥22,222	-1%
IQ Non-GAAP OP	¥2,791	¥2,693	(¥98)
<b>Non-GAAP Operating Income</b>	<b>¥25,302</b>	<b>¥24,915</b>	<b>-2%</b>
Margin	18.5%	17.8%	-64bps
y/y Growth	0%	-5%	
<b>Net Income</b>	<b>¥18,202</b>	<b>¥18,258</b>	<b>0%</b>
Margin	13.3%	13.1%	-22bps
y/y Growth	-16%	-23%	
<b>Non-GAAP Net Income</b>	<b>¥24,123</b>	<b>¥23,745</b>	<b>-2%</b>
Margin	17.6%	17.0%	-61bps
y/y Growth	1%	-12%	
<b>GAAP EPADS</b>	<b>¥51.69</b>	<b>¥52.11</b>	<b>1%</b>
y/y Growth	-16%	-21%	
<b>Non-GAAP EPADS</b>	<b>¥68.51</b>	<b>¥67.77</b>	<b>-1%</b>
y/y Growth	0%	-12%	
<b>Adjusted EBITDA</b>	<b>¥35,585</b>	<b>¥35,717</b>	<b>0%</b>
Margin	26.0%	25.6%	-41bps
y/y Growth	7%	8%	

Source: Company reports, US Tiger Securities Research



Figure 4: BIDU SOTP Valuation

(\$ in millions)	Revenue			EBITDA			EBITDA Margin			2025E Multiple	Valuation Metric	Target EV
	2023	2024	2025E	2023	2024	2025E	2023	2024	2025E			
Core: Online marketing	\$10,578	\$10,129	\$10,062	\$4,977	\$4,597	\$4,571	47%	45%	45%	4.0x	EBITDA	\$18,286
Core: Baidu Cloud	\$2,654	\$3,039	\$3,660	\$133	\$213	\$366	5%	7%	10%	2.0x	Revenue	\$7,319
<b>Other Bets/Investments</b>												
Apollo (autonomous driving)											Asset	\$5,000
SLG (DuerOS) 80% stake											Asset	\$960
TCOM Share Value											Asset	\$4,105
iQiyi Share Value											Asset	\$954
Other Equity Investments											Asset	\$700

Implied EV @ 15% discount	\$31,725
Net Cash	\$9,469
Total Equity Value	\$41,194
Diluted Shares	348
<b>Price Target</b>	<b>\$118</b>
Price (current)	\$91
Upside potential	30%
Implied '25 EV/Sales	1.7x
Implied '25 EV/EBITDA	6.5x

Source: FactSet Consensus, Company reports, US Tiger Securities Research



Figure 5: BIDU Revenue Drive

BIDU Key Drivers (in millions RMB except for EPS)	2022A	2023A	1Q24A	2Q24A	3Q24A	4Q24A	2024A	1Q25E	2Q25E	3Q25E	4Q25E	2025E
<b>Online Marketing Services (i + ii)</b>	<b>74,711</b>	<b>81,203</b>	<b>18,490</b>	<b>20,625</b>	<b>20,108</b>	<b>19,340</b>	<b>78,563</b>	<b>17,521</b>	<b>20,433</b>	<b>20,671</b>	<b>20,235</b>	<b>78,861</b>
% of Gross Revenues	58%	58%	56%	58%	57%	54%	56%	54%	56%	55%	52%	54%
YY	-7%	9%	3%	-2%	-6%	-7%	-3%	-5%	-1%	3%	5%	0%
Online Marketing Revenue (Under ASC 606)												
<b>BIDU Core Revenue</b>	<b>95,431</b>	<b>103,465</b>	<b>23,803</b>	<b>26,687</b>	<b>26,524</b>	<b>27,698</b>	<b>104,712</b>	<b>24,307</b>	<b>27,892</b>	<b>28,429</b>	<b>30,191</b>	<b>110,819</b>
YY	0%	8%	3%	1%	0%	1%	1%	2%	5%	7%	9%	6%
<b>Search + Feed Revenue (i)</b>	<b>69,379</b>	<b>74,979</b>	<b>17,008</b>	<b>19,164</b>	<b>18,771</b>	<b>17,906</b>	<b>72,849</b>	<b>16,158</b>	<b>18,972</b>	<b>19,334</b>	<b>18,801</b>	<b>73,265</b>
YY	-6%	8%	3%	-2%	-5%	-7%	-3%	-5%	-1%	3%	5%	1%
2-Yr %	2%	1%	4%	6%	0%	0%	2%	-1%	-2%	-1%	-1%	-1%
% of Pre-VAT Gross Revenues	53%	53%	52%	54%	54%	50%	52%	50%	52%	52%	48%	50%
% of Baidu Core Revenue	73%	72%	71%	72%	71%	65%	70%	66%	68%	68%	62%	66%
<b>Video ad (iQiyi ad) (ii)</b>	<b>5,332</b>	<b>6,224</b>	<b>1,482</b>	<b>1,461</b>	<b>1,337</b>	<b>1,434</b>	<b>5,714</b>	<b>1,363</b>	<b>1,461</b>	<b>1,337</b>	<b>1,434</b>	<b>5,596</b>
% of Gross Revenues	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
YY	-25%	17%	6%	-2%	-20%	-13%	-8%	-8%	0%	0%	0%	-2%
<b>Others</b>	<b>48,964</b>	<b>53,395</b>	<b>13,023</b>	<b>13,306</b>	<b>13,449</b>	<b>14,784</b>	<b>54,562</b>	<b>13,722</b>	<b>14,730</b>	<b>15,078</b>	<b>17,191</b>	<b>60,720</b>
% of Gross Revenues	38%	38%	40%	38%	38%	41%	39%	42%	40%	40%	44%	42%
YY	12%	9%	-1%	3%	3%	5%	2%	5%	11%	12%	16%	11%
Non-iQiyi other revenue	25,298	27,746	6,578	7,329	7,540	9,604	31,051	7,979	8,750	8,925	11,220	36,874
YY	25%	10%	6%	10%	12%	19%	12%	21%	19%	18%	17%	19%
as % of total revenue	20%	21%	21%	22%	22%	28%	23%	26%	25%	25%	30%	26%
Cloud Revenue	18,046	18,810	4,704	5,151	4,900	7,100	21,855	5,880	6,336	6,124	8,307	26,647
YY	20%	4%	12%	14%	11%	26%	16%	25%	23%	25%	17%	22%
Non-cloud Others revenue (before intersegment)	8,006	9,677	2,091	2,372	2,854	2,691	10,008	2,099	2,414	2,801	2,913	10,227
Non-cloud Others revenue	7,939	9,677	2,091	2,372	2,854	2,691	10,008	2,099	2,414	2,801	2,913	10,227
YY	28%	22%	-6%	4%	15%	1%	3%	0%	2%	-2%	8%	2%
as % of total revenue	6%	7%	7%	7%	9%	8%	8%	7%	7%	8%	8%	7%
Non-cloud others intersegment eliminations												
Non-Ad Core Revenue	25,986	28,486	6,795	7,524	7,753	9,791	31,863	7,979	8,750	8,925	11,220	36,874
YY	22%	10%	6%	10%	12%	17%	12%	17%	16%	15%	15%	16%
Non-Ad Core Revenue % of Baidu Core	27%	28%	29%	28%	29%	35%	30%	33%	31%	31%	37%	33%
<b>Intersegment eliminations</b>	<b>(754)</b>	<b>(740)</b>	<b>(217)</b>	<b>(195)</b>	<b>(213)</b>	<b>(187)</b>	<b>(812)</b>	<b>(170)</b>	<b>(170)</b>	<b>(170)</b>	<b>(170)</b>	<b>(680)</b>

Source: Company reports, US Tiger Securities Research

Please find US Tiger's Analyst Certification and other Important Disclosures at the end of this report.



Figure 6: BIDU Income Statement

BIDU Income Statement (in millions RMB except for EPS)	2022A	2023A	1Q24A	2Q24A	3Q24A	4Q24A	2024A	1Q25E	2Q25E	3Q25E	4Q25E	2025E
Reported Gross Revenue	123,675	134,598	31,513	33,931	33,557	34,124	133,125	31,243	35,163	35,749	37,426	139,581
YY	-1%	9%	1%	0%	-3%	-2%	-1%	-1%	4%	7%	10%	5%
Seasonality			94%	99%	25%	26%		87%	94%	26%	27%	
VAT	(6,198)	(6,423)	(1,435)	(1,546)	(1,528)	(1,554)	(6,064)	(1,361)	(1,532)	(1,557)	(1,630)	(6,081)
Total Cost of Revenue	(63,935)	(65,031)	(15,291)	(16,398)	(16,399)	(18,014)	(66,102)	(16,329)	(17,837)	(18,024)	(19,413)	(71,603)
Gross Profit	59,740	69,567	16,222	17,533	17,158	16,110	67,023	14,914	17,326	17,725	18,014	67,979
Gross Margin	48.3%	51.7%	51.5%	51.7%	51.1%	47.2%	50.3%	47.7%	49.3%	49.6%	48.1%	48.7%
YY	-1%	16%	1%	-2%	-5%	-8%	-4%	-8%	-1%	3%	12%	1%
Operating Expenses:												
SG&A	(20,514)	(23,519)	(5,375)	(5,700)	(5,867)	(6,678)	(23,620)	(5,543)	(6,165)	(6,267)	(6,562)	(24,536)
YY	-17%	15%	-4%	-9%	2%	14%	0%	3%	8%	7%	7%	-2%
% of Revenue	15.8%	16.7%	16.3%	16.1%	16.7%	18.7%	17.0%	17.0%	16.8%	16.8%	16.8%	16.8%
R&D	(23,315)	(24,192)	(5,363)	(5,889)	(5,366)	(5,515)	(22,133)	(5,543)	(6,238)	(5,969)	(6,444)	(24,194)
YY	-7%	4%	-1%	-8%	-12%	-9%	-9%	3%	6%	11%	17%	9%
% of Revenue	18.0%	17.2%	16.3%	16.6%	15.3%	15.5%	15.9%	17.0%	17.0%	16.0%	16.5%	16.6%
Total Operating Expenses	(43,829)	(47,711)	(10,738)	(11,589)	(11,233)	(12,193)	(45,753)	(11,085)	(12,403)	(12,236)	(13,006)	(48,731)
Operating Income	15,911	21,856	5,484	5,944	5,925	3,917	21,270	3,829	4,923	5,489	5,008	19,248
Margin	12.9%	16.2%	17.4%	17.5%	17.7%	11.5%	16.0%	12.3%	14.0%	15.4%	13.4%	13.8%
YY	51%	37%	10%	14%	-6%	-27%	-3%	-30%	-17%	-7%	28%	-10%
Non-GAAP Op Income	22,972	28,433	6,673	7,500	7,014	5,047	26,234	5,129	6,466	6,808	6,511	24,915
Margin	18.6%	21.1%	21.2%	22.1%	20.9%	14.8%	19.7%	16.4%	18.4%	19.0%	17.4%	17.8%
YY	21%	24%	4%	2%	-8%	-29%	-8%	-23%	-14%	-3%	29%	-5%
EBIT	15,911	21,856	5,484	5,944	5,925	3,917	21,270	3,829	4,923	5,489	5,008	19,248
Total D&A	6,750	7,622	1,617	1,691	1,764	1,952	7,024	2,425	2,614	2,656	3,287	10,982
% of revenue	5.2%	5.4%	4.9%	4.8%	5.0%	5.5%	5.0%	7.4%	7.1%	7.1%	8.4%	7.5%
Total share-based compensation:	6,788	6,345	1,143	1,512	1,044	1,085	4,784	1,256	1,498	1,275	1,458	5,487
% of revenue	5.2%	4.5%	3.5%	4.3%	3.0%	3.0%	3.4%	3.9%	4.1%	3.4%	3.7%	3.8%
Adj. EBITDA	29,663	35,823	8,244	9,147	8,733	6,954	33,078	7,509	9,035	9,420	9,753	35,717
Margin	24%	27%	26%	27%	26%	20%	25%	24%	26%	26%	26%	26%
YY	19%	21%	1%	0%	-8%	-23%	-8%	-9%	-1%	8%	40%	8%
Intersegment adjustments												
Interest income	3,332	4,761	1,325	1,251	1,204	1,358	5,138	1,251	1,251	1,251	1,251	5,004
Foreign exchange income (loss)	(1,484)	595	401	93	(1,096)	1,678	1,076	0	0	0	0	0
Other income (loss), net	(5,737)	1,785	(275)	(454)	2,535	23	1,829	0	0	0	0	0
Income(loss) on equity invest.	(1,910)	(3,799)	(205)	(119)	32	(399)	(691)	0	0	0	0	0
Total Other Income	(5,799)	3,342	1,246	771	2,675	2,660	7,352	1,251	1,251	1,251	1,251	5,004
Income before income tax	10,112	25,198	6,730	6,715	8,600	6,577	28,622	5,080	6,174	6,740	6,259	24,252
Provision for income taxes	(2,578)	(3,649)	(883)	(1,131)	(814)	(1,619)	(4,447)	(1,118)	(1,358)	(1,483)	(1,377)	(5,335)
Minority interest	(25)	1,234	399	96	154	(234)	415	145	156	180	178	659
as % of IQ loss	74%	61%	58%	94%	62%	129%	49%	30%	30%	30%	30%	42%
Net Income	7,559	20,315	5,448	5,488	7,632	5,192	23,760	3,817	4,659	5,077	4,704	18,258
Margin	6%	15%	17%	16%	23%	15%	18%	12%	13%	14%	13%	13%
YY	-26%	169%	-6%	5%	14%	100%	17%	-30%	-15%	-33%	-9%	-23%
Non-GAAP Net Income	20,680	28,747	7,011	7,396	5,886	6,709	27,002	5,073	6,158	6,352	6,162	23,745
Margin	17%	21%	22%	22%	18%	20%	20%	16%	18%	18%	16%	17%
YY	10%	39%	22%	-8%	-19%	-13%	-6%	-28%	-17%	8%	-8%	-12%
GAAP EPADS Diluted	19.85	55.08	14.91	15.01	21.60	14.26	65.91	10.94	13.32	14.47	13.37	52.11
YY	-32%	177%	6%	6%	19%	111%	20%	(27%)	(11%)	(33%)	(6%)	-21%
Non-GAAP EPADS:	58.93	80.85	19.91	21.02	16.60	19.18	76.85	14.54	17.60	18.10	17.51	67.77
YY	9%	37%	24%	(7%)	(19%)	(12%)	(5%)	(27%)	(16%)	9%	(9%)	-12%
Basic shares	348	354	351	350	348	347	349	348	349	350	351	349
Diluted shares	349	355	352	351	349	348	350	349	350	351	352	350
Effective tax rate	25%	14%	13%	17%	9%	25%	16%	22%	22%	22%	22%	22%

Source: Company reports, US Tiger Securities Research

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Figure 7: BIDU Metrics excluding iQiyi

Key Metrics excluding iQiyi (in millions RMB except for EPS)	2022A	2023A	1Q24A	2Q24A	3Q24A	4Q24A	2024A	1Q25E	2Q25E	3Q25E	4Q25E	2025E
Pre-VAT Gross Revenue ex. iQiyi	100,875	109,149	25,021	28,038	27,840	29,065	109,963	25,498	29,254	29,817	31,651	116,220
<b>Reported Gross Revenue ex. iQiyi</b>	<b>94,677</b>	<b>102,725</b>	<b>23,586</b>	<b>26,492</b>	<b>26,311</b>	<b>27,511</b>	<b>103,900</b>	<b>24,137</b>	<b>27,722</b>	<b>28,259</b>	<b>30,021</b>	<b>110,139</b>
Y/Y Growth	1%	9%	3%	1%	0%	1%	1%	2%	5%	7%	9%	6%
Baidu core % of total revenue	77%	76%	75%	78%	78%	81%	78%	77%	79%	79%	80%	79%
<b>Baidu Core Net Revenue</b>	<b>95,431</b>	<b>103,465</b>	<b>23,803</b>	<b>26,687</b>	<b>26,524</b>	<b>27,698</b>	<b>104,712</b>	<b>24,307</b>	<b>27,892</b>	<b>28,429</b>	<b>30,191</b>	<b>110,819</b>
Y/Y	0%	8%	3%	1%	0%	1%	1%	2%	5%	7%	9%	6%
Intersegment adjustments (Core/iQiyi)	(754)	(740)	(217)	(195)	(213)	(187)	(812)	(170)	(170)	(170)	(170)	(680)
<b>Total Cost of Revenue (ex. iQiyi)</b>	<b>(42,378)</b>	<b>(42,592)</b>	<b>(9,839)</b>	<b>(10,888)</b>	<b>(10,923)</b>	<b>(13,180)</b>	<b>(44,830)</b>	<b>(10,999)</b>	<b>(12,257)</b>	<b>(12,481)</b>	<b>(13,933)</b>	<b>(49,670)</b>
SBC expenses (ex. iQiyi)	(261)	(457)	(76)	(117)	(75)	(130)	(398)	(114)	(163)	(108)	(180)	(565)
% of Baidu Core revenue	44%	41%	41%	41%	41%	48%	43%	45%	44%	44%	46%	45%
<b>Gross Profit ex. iQiyi</b>	<b>53,053</b>	<b>60,873</b>	<b>13,964</b>	<b>15,799</b>	<b>15,601</b>	<b>14,518</b>	<b>59,882</b>	<b>13,308</b>	<b>15,636</b>	<b>15,948</b>	<b>16,258</b>	<b>61,149</b>
Y/Y	-7%	15%	3%	0%	-2%	-6%	-2%	-5%	-1%	2%	12%	2%
Baidu Core Gross Margin	55.6%	58.8%	58.7%	59.2%	58.8%	52.4%	57.2%	54.7%	56.1%	56.1%	53.9%	55.2%
SG&A (ex.iQiyi)	(17,103)	(19,623)	(4,492)	(4,751)	(4,990)	(5,816)	(20,049)	(4,676)	(5,257)	(5,354)	(5,658)	(20,945)
SBC (ex.iQiyi)	(1,326)	(1,363)	(353)	(292)	(235)	(240)	(1,120)	(244)	(258)	(274)	(292)	(1,068)
as % of rev	18%	19%	19%	18%	19%	21%	19%	19%	19%	19%	19%	19%
Y/Y	-15%	15%	-1%	-11%	4%	18%	2%	4%	11%	7%	-3%	4%
R&D (ex.iQiyi)	(21,416)	(22,425)	(4,934)	(5,440)	(4,917)	(5,064)	(20,355)	(5,116)	(5,807)	(5,535)	(6,015)	(22,472)
SBC (ex.iQiyi)	(4,390)	(3,888)	(575)	(945)	(576)	(652)	(2,748)	(771)	(948)	(762)	(857)	(3,337)
Y/Y	-3%	5%	-1%	-8%	-13%	-13%	-9%	4%	7%	13%	19%	10%
as % of rev	23%	22%	21%	21%	19%	18%	20%	21%	21%	20%	20%	20%
<b>Total Operating Expenses (ex. iQiyi)</b>	<b>(38,519)</b>	<b>(42,048)</b>	<b>(9,426)</b>	<b>(10,191)</b>	<b>(9,907)</b>	<b>(10,880)</b>	<b>(40,404)</b>	<b>(9,792)</b>	<b>(11,064)</b>	<b>(10,888)</b>	<b>(11,673)</b>	<b>(43,417)</b>
Y/Y	-9%	9%	-1%	-10%	-5%	1%	-4%	4%	9%	10%	7%	7%
as % of rev	-41%	-41%	-40%	-38%	-38%	-40%	-39%	-41%	-40%	-39%	-39%	-39%
<b>Operating Income</b>	<b>15,911</b>	<b>21,856</b>	<b>5,484</b>	<b>5,944</b>	<b>5,925</b>	<b>3,917</b>	<b>21,270</b>	<b>3,829</b>	<b>4,923</b>	<b>5,489</b>	<b>5,008</b>	<b>19,248</b>
Margin	13%	16%	17%	18%	18%	11%	16%	12%	14%	15%	13%	14%
Y/Y	51%	37%	10%	14%	-6%	-27%	-3%	-30%	-17%	-7%	28%	-10%
<b>Baidu Core Op Income</b>	<b>14,534</b>	<b>18,825</b>	<b>4,538</b>	<b>5,608</b>	<b>5,694</b>	<b>3,638</b>	<b>19,478</b>	<b>3,516</b>	<b>4,572</b>	<b>5,060</b>	<b>4,585</b>	<b>17,732</b>
Baidu Core Op Income Margin	15%	18%	19%	21%	21%	13%	19%	14%	16%	18%	15%	16%
Y/Y Growth	-4%	30%	11%	23%	4%	-22%	3%	-23%	-18%	-11%	26%	-9%
<b>iQiyi Op Income</b>	<b>1,312</b>	<b>2,989</b>	<b>945</b>	<b>342</b>	<b>239</b>	<b>285</b>	<b>1,811</b>	<b>483</b>	<b>521</b>	<b>599</b>	<b>592</b>	<b>2,196</b>
iQiyi Op Income Margin	5%	9%	12%	5%	3%	4%	6%	7%	7%	8%	8%	7%
Intersegment adjustments	64	41	2	(6)	(8)	(6)	(19)	(170)	(170)	(170)	(170)	(680)
<b>Non-GAAP Op Income</b>	<b>22,972</b>	<b>28,433</b>	<b>6,673</b>	<b>7,500</b>	<b>7,014</b>	<b>5,047</b>	<b>26,234</b>	<b>5,129</b>	<b>6,466</b>	<b>6,808</b>	<b>6,511</b>	<b>24,915</b>
Margin	19%	21%	21%	22%	21%	15%	20%	16%	18%	19%	17%	18%
Y/Y	21%	24%	4%	2%	-8%	-29%	-8%	-23%	-14%	-3%	29%	-5%
<b>Baidu Core Non-GAAP Op Income</b>	<b>20,734</b>	<b>24,748</b>	<b>5,586</b>	<b>7,005</b>	<b>6,651</b>	<b>4,647</b>	<b>23,889</b>	<b>4,523</b>	<b>5,821</b>	<b>6,084</b>	<b>5,794</b>	<b>22,222</b>
Baidu Core Non-GAAP Op Income Margin	22%	24%	24%	26%	25%	17%	23%	19%	21%	22%	19%	20%
Y/Y	-7%	19%	4%	8%	0%	-25%	-3%	-19%	-17%	-9%	25%	-7%
<b>iQiyi Non-GAAP Op Income</b>	<b>2,173</b>	<b>3,643</b>	<b>1,086</b>	<b>501</b>	<b>369</b>	<b>406</b>	<b>2,362</b>	<b>606</b>	<b>646</b>	<b>725</b>	<b>717</b>	<b>2,693</b>
iQiyi Op Non-GAAP Income Margin	7%	11%	14%	7%	5%	6%	8%	9%	9%	10%	10%	9%
Intersegment adjustments	65	42	1	(6)	(6)	(6)	(17)	0	0	0	0	0
<b>Baidu Core Total Non-GAAP Costs</b>	<b>74,698</b>	<b>78,718</b>	<b>18,216</b>	<b>19,683</b>	<b>19,873</b>	<b>23,050</b>	<b>80,822</b>	<b>19,784</b>	<b>22,072</b>	<b>22,346</b>	<b>24,397</b>	<b>88,597</b>
% of Baidu Core Revenue	78%	76%	77%	74%	75%	83%	77%	81%	79%	79%	81%	80%
Y/Y	2%	5%	3%	-1%	0%	8%	3%	9%	12%	12%	6%	10%
<b>Adj. EBITDA</b>	<b>29,663</b>	<b>35,823</b>	<b>8,244</b>	<b>9,147</b>	<b>8,733</b>	<b>6,954</b>	<b>33,078</b>	<b>7,509</b>	<b>9,035</b>	<b>9,420</b>	<b>9,753</b>	<b>35,717</b>
Margin	24%	27%	26%	27%	26%	20%	25%	24%	26%	26%	26%	26%
Y/Y	19%	21%	1%	0%	-8%	-23%	-8%	-9%	-1%	8%	40%	8%
<b>Baidu Core EBITDA</b>	<b>27,088</b>	<b>31,863</b>	<b>7,118</b>	<b>8,617</b>	<b>8,336</b>	<b>6,516</b>	<b>30,587</b>	<b>6,868</b>	<b>8,354</b>	<b>8,660</b>	<b>9,001</b>	<b>32,884</b>
Baidu Core EBITDA Margin	28%	31%	30%	32%	31%	24%	29%	28%	30%	30%	30%	30%
Y/Y Growth	-2%	18%	2%	5%	-2%	-20%	-4%	-4%	-3%	4%	38%	8%

Source : Company reports, US Tiger Securities Research

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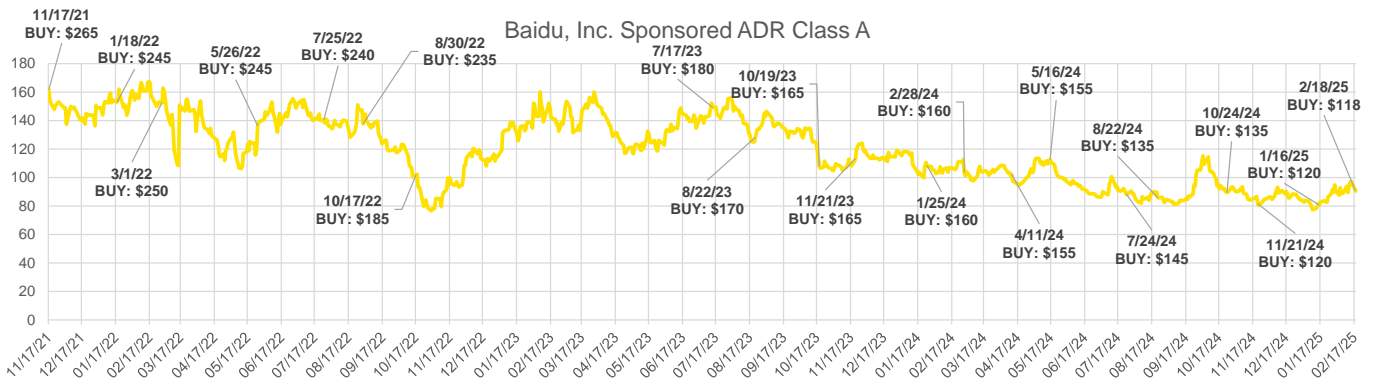
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