

4Q24 EARNINGS UPDATE

Bilibili Inc.

Quarterly GAAP Profit Achieved, Strong Advertising Performance, but Gaming Segment Faces Uncertainty

SUMMARY

Bilibili (BILI, HK9626) announced its 4Q24 results prior to market open on February 20. In the fourth quarter of 2024, revenue grew by 22% y/y to US\$1,067 Million. Non-GAAP profit attributable to shareholders slightly exceeded market expectations, while the company achieved its first-ever quarterly GAAP profit. Mobile gaming and advertising remain the primary growth drivers for Bilibili in the coming quarters. The highly anticipated S6 season of “San Mou” officially launched on February 22. However, deferred revenue on the balance sheet declined by 7% quarter-over-quarter in 4Q24, indicating that the game has passed its peak stage. Additionally, the new title “Jujutsu Kaisen Phantom Parade” performed below expectations, with monthly grossing ranging from US\$14 Million to US\$28 Million. Concerns persist regarding Bilibili’s future gaming pipeline.

KEY POINTS

In line with market expectations. Bilibili’s 4Q24 revenue increased by 22% year-over-year and 6% quarter-over-quarter to US\$1,067 Million, slightly above the Bloomberg consensus estimate of US\$1,048 Million. The growth was primarily driven by strong performance in gaming and advertising. Non-GAAP profit attributable to shareholders was US\$62 Million, exceeding the consensus estimate by 15% (Bloomberg consensus was US\$54 Million). Non-GAAP operating profit reached US\$64 Million, beating consensus by 17%, with a non-GAAP operating margin of 6%, representing a year-over-year improvement of 16 percentage points and a quarter-over-quarter increase of 2 percentage points.

Gross margin improved for the tenth consecutive quarter. In 4Q24, gross profit margin increased by 10 percentage points year-over-year to 36%, with a slight sequential increase of 1.2 percentage points, driven by revenue scale. There remains potential for further improvement in gross margin. The size of SG&A expenses in 4Q24 remained largely flat sequentially. During the earnings call, management indicated that the company expects long-term gross profit margin to reach 40%-45%, with non-GAAP operating margin projected to reach 15%-20%.

Mobile gaming and advertising are pivotal for Bilibili. In 4Q24, advertising revenue grew by 24% year-over-year to US\$329 Million. Bilibili’s user base, which represents nearly 70% of China’s Gen Z population with an average age of 25, continues to offer significant growth potential in terms of purchasing power. We estimate advertising revenue will grow by 20% year-over-year in 1Q25. In gaming, revenue increased by 79% year-over-year to US\$248 Million in 4Q24. The year-over-year growth rate for “San Mou” revenue in 1Q25 is expected to be between 70%-75%. The performance of the S6 season of “San Mou,” launched on February 22, will be critical for Bilibili. The overseas launch of “San Mou” is slated for 2H25, and its timing will be a key factor to monitor. Revenue from value-added services increased by 7.9% year-over-year to US\$425 Million in 4Q24.

Concerns persist regarding the gaming segment. According to third-party data, “San Mou,” which grossed around US\$110 Million, accounted for more than half of total gross revenue of less than US\$206 Million in 4Q24. However, signs of a slowdown in “San Mou” are emerging, as evidenced by a 7% quarter-over-quarter decline in deferred revenue, which fell to US\$524 Million. This trend suggests a weakening in the overall gaming business. The performance of “Jujutsu Kaisen Phantom Parade” has also been underwhelming, with monthly grossing ranging between US\$14 Million and US\$28 Million. Without new blockbuster titles, Bilibili may face challenges in sustaining gaming revenue growth.

February 25, 2025

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KEY DATA

Exchange: NASDAQ, HKEX
Ticker: BILI, HK9626
Current Price: \$20.53
52-Week Range: \$9.63-\$31.77
Average Volume (3M): 6.49M
Shares Outstanding (MM): 417
Market Capitalization (\$MM): \$8,552
Fiscal Year-End: December

FINANCIALS

In US\$M	FY23A	FY24A	FY25E	FY26E
Revenue	3,107	3,700	4,154	4,666
Gross Profit	750	1,210	1,541	1,400
EBIT	-698	-185	87	99
Non GAAP				
Net Income	-472	-3	311	414

PRICE PERFORMANCE



On the path to long-term profitability. Bilibili's stock is currently trading at US\$20.53 per ADS, with an enterprise value of US\$7.815 billion. Consensus estimates for CY2025 and CY2026 EBITDA are US\$402 Million and US\$558 Million, respectively, translating to EV/EBITDA multiples of 19x and 14x for CY2025 and CY2026. This compares to the peer group, which is trading at 16x and 14x, respectively. While Bilibili is expected to be at a turning point in achieving long-term profitability by 2025, its current valuation appears relatively high compared to peers. However, should Bilibili achieve a net profit margin of 10%, similar to most Chinese internet companies (its quarterly GAAP net profit margin in 4Q24 was just 1.2%), its valuation could align more closely with the industry average.

FINANCIALS AND VALUATION UPDATES

Figure 1: BILI's Financials 2023 – 2026E.

Unit: Million USD	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25E	2Q25E	3Q25E	4Q25E	2025E	2026E
Net revenues	3,107	781	845	1,007	1,067	3,700	947	1,016	1,055	1,136	4,154	4,666
Cost of revenues	-2356	-560	-592	-656	-682	-2490	-602	-641	-661	-709	-2613	-3266
Gross (loss)/profit	750	221	253	351	384	1,210	346	375	393	427	1,541	1,400
Operating expenses:												
Sales and marketing expenses	-540	-128	-143	-166	-171	-607	-171	-151	-157	-169	-648	-569
General and administrative expenses	-293	-73	-67	-70	-70	-280	-72	-70	-67	-73	-282	-242
Research and development expenses	-616	-133	-123	-125	-127	-508	-130	-127	-129	-139	-524	-490
Total operating expenses	-1,449	-334	-333	-360	-367	-1,395	-372	-349	-353	-381	-1,455	-1,301
Profit (Loss) from operations	-698	-113	-81	-9	17	-185	-27	26	40	47	87	99
Other income/(expenses):												
Investment income, net	-60	-3	-13	-10	-39	-65	-18	-19	-20	-22	-79	-84
Interest income	75	18	14	13	15	60	17	18	19	20	75	79
Interest expense	-23	-4	-3	-2	-3	-12	-4	-4	-4	-5	-17	-23
Exchange (losses)/gains	-5	-8	-2	-1	1	-9	-9	-9	-6	-7	-32	0
Debt extinguishment gain	40	-3	0	0	-2	-5	0	0	0	0	0	0
Others, net	18	7	0	-3	19	24	28	-1	11	24	62	103
Profit (Loss) before tax	-653	-105	-85	-12	9	-193	-12	11	39	58	96	174
Income tax	-11	0	1	1	3	5	0	0	-1	-2	-3	-2
Net Profit (Loss)	-664	-105	-84	-11	12	-188	-12	11	38	56	93	172
Non-GAAP Adjustment Items and noncontrolling interests	193	45	46	44	50	185	55	60	46	57	218	243
Non-GAAP net loss attributable to the Bilibili Inc.'s shareholders	-472	-61	-37	33	62	-3	43	71	84	113	311	414

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

Company	Ticker	EV	EBITDA			EV/EBITDA			Category
			2024A	2025E	2026E	2024A	2025E	2026E	
Netflix Inc	NFLX.O	437,516	10,747	13,529	16,146	41	32	27	U.S. Entertainment Companies
Meta Platforms Inc	META.O	1,703,837	83,717	113,064	132,673	20	15	13	U.S. Entertainment Companies
Spotify Technology SA	SPOT.K	119,135	1,546	2,711	3,389	77	44	35	U.S. Entertainment Companies
iQIYI Inc	IQ.OQ	3,476	249	2,032	2,078	14	2	2	Chinese Video Companies
Kuaishou Technology	1024.HK	28,916	3,264	4,138	5,042	9	7	6	Chinese Video Companies
Mango Excellent Media Co Ltd	300413.SZ	6,636	987	1,081	1,169	7	6	6	Chinese Video Companies
Tencent Holdings Ltd	0700.HK	609,148	36,965	40,435	45,364	16	15	13	Chinese Gaming Companies
NetEase Inc	9999.HK	49,611	4,415	4,996	5,524	11	10	9	Chinese Gaming Companies
Median						16x	12x	11x	
Mean						24x	16x	14x	
Bilibili Inc	BILI.O	7,815	190	402	558	41x	19x	14x	

Notes:
 1. Data as of 2/25/2025.
 2. EVs and EBITDAs are in US\$ Million.
 3. EVs and EBITDAs are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings; Capital IQ.

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