

2Q25 EARNINGS UPDATE

Bilibili Inc.

Gaming Quarterly Revenue Peaked for San Mou, What's Next?

KEY POINTS

In line with market expectation. In 2Q25, revenue was at RMB7.3 billion (beat market consensus by 1%), increasing by 20% year-over-year. The non-GAAP net income reached RMB562 million (beat the consensus by 4%). Quarterly performance was in-line with market expectation. For active users, DAU/MAU increasing by 7.3%/8% year-over-year at 109 million/363 million, respectively. Users even accelerated in 2Q25, compared with 1Q25 (DAU/MAU+4.5%/7.8% year-over-year in 1Q25). User engagement DAU/MAU remains at around 30%. Average daily time spent per user was 105 minutes, continuing to grow by 6% year-on-year. Adjusted operating margin beat consensus at RMB573 million, primarily due to disciplined SG&A expenses.

Stock pullback driven by high expectations. The release of investor days (strong advertising in the second quarter, game pipeline in the second half of the year), and the stabilization of turnover during the season of San Mou and the hot opening of Bilibili World (the largest in history). The participants for Bilibili World and Bilibili Macro Link event this year reached record high. The three-day event attracted more than 400,000 participants, increasing by 60% year-over-year. It serves as one of the largest offline animation exhibitions in China. However, after the release of 2Q25 results, the actual growth of the game has not exceeded the guidance too much, and combined with the recent strong stock price, and the outcomes may disappoint many optimistic funds.

Gaming Segment: San Mou appears enduring strength. In 2Q25, mobile games segment achieved the revenue of RMB1.612 billion, in line with market expectation of RMB1.61 billion, with a year-over-year increase of 60%. The deferred revenue balance at the end of 2Q25 increased Rmb391 million sequentially. It suggested a meaningful improvement, compared with RMB46 million quarter-over-quarter increase at the end of 1Q25. Firstly, during the period of anniversary event of San Mou on June 30 2025, the DAU reached a new record high; secondly, in Season 8, the team validated an important operational method, namely the skin draws card mode; thirdly, San Mou is expected to launch a traditional Chinese version by the end of 2025, and plans to consider overseas regions like Japan and South Korea next year. In addition, there are several games in the pipeline, including *Escape from Duckov*, *Trickcal RE:VIVE*, and one more casual game of the Three Kingdoms IP. Those new games will further expand company's presence in the gaming space.

Steady Growth on Advertising Segment: In 2Q25, the growth rate was 20% for advertising revenue, generally in line with company guidance. During the conference call, the company strengthened the advertising infrastructure by upgrading the recommendation algorithms, creative generation, and intelligent ad placement to improve conversion efficiency. It drove the growth of advertising business. Also, AIGC advertising tools to help the advertisers to generate a covers, titles, and content tailored to users' language and creative style at scale. Currently, about 30% of the advertising covers are AI generated and there will be more room to push the number forward. Furthermore, the company offers smart advertising placement tools to allocate, sequence, and monitor ad performance in real time, significantly reducing manual operations at the same advertising spending. These enhancements are boosting both efficiency and scalability. It improved ECPM by more than 10% year-over-year and fueled around 30% year over year growth in performance-based advertising revenue in 2Q25.

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KEY DATA

Exchange: NASDAQ, HKEX
Ticker: BILI, HK9626
Current Price: \$23.76
52-Week Range: \$12.72-\$31.77
Average Volume (3M): 3.44M
Shares Outstanding (MM): 413
Market Capitalization (\$MM): \$9,808
Fiscal Year-End: December

FINANCIALS

In US\$M	FY23A	FY24A	FY25E	FY26E
Revenue	3,147	3,748	4,222	4,882
Gross Profit	760	1,226	1,560	1,465
EBIT	-707	-188	125	104
Non GAAP	-478	-3	329	434
Net Income				

PRICE PERFORMANCE



Share repurchase strengthens shareholder's return. In 2Q25, the company repurchased approximately 5.6 million shares of Class Z ordinary shares (equal to 5.6 million ADS), totaling \$100 million. At the end of 2Q25, these shares have been retired. According to the \$200 million share repurchase plan approved by the board of directors in November 2024, as of June 30, 2025, the company has repurchased a total of 6.4 million shares at a total cost of \$116 million, with approximately \$84 million remaining available for future repurchases.

On the path to long-term profitability. Bilibili's stock is currently trading at US\$23.76 per ADS, with an enterprise value of US\$8,629 billion. Consensus estimates for CY2025 and CY2026 EBITDA are US\$447 Million and US\$590 Million, respectively, translating to EV/EBITDA multiples of 19x and 15x 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, Bilibili is still on the turning point of making steady profit. Management reiterated that it is expected to achieve an adjusted EBIT margin of 10% in 4Q25 and long-term EBIT margin target is 15%-20%. As the company gradually moves towards a steady-state profit margin level in fiscal 2025, the company's EBITDA will increase significantly, and EV/EBITDA will become significantly lower than its peers in FY2026-FY2027. For current growth rate, the company maintained a high growth rate of 60%/20% in the game/advertising business, respectively, and overall quarterly revenue growth was 20% year-over-year which was higher than the growth rate of its peers.

FINANCIALS AND VALUATION UPDATES

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

Unit: Million USD	2023	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25	3Q25E	4Q25E	2025E	2026E
Net revenues	3,147	791	856	1,021	1,080	3,748	978	1,025	1,068	1,151	4,222	4,882
Cost of revenues	-2387	-567	-600	-665	-691	-2523	-624	-651	-670	-718	-2663	-3418
Gross (loss)/profit	760	224	256	356	390	1,226	355	374	398	433	1,560	1,465
Operating expenses:												
Sales and marketing expenses	-547	-130	-145	-168	-173	-615	-163	-146	-159	-171	-640	-596
General and administrative expenses	-297	-74	-68	-71	-71	-284	-72	-71	-68	-74	-285	-253
Research and development expenses	-624	-135	-125	-127	-128	-515	-118	-121	-130	-140	-509	-513
Total operating expenses	-1,468	-339	-338	-365	-372	-1,413	-353	-339	-358	-385	-1,435	-1,361
Profit (Loss) from operations	-707	-114	-82	-9	18	-188	2	35	41	47	125	104
Other income/(expenses):												
Investment income, net	-61	-3	-13	-10	-40	-66	-9	-8	-20	-22	-59	-88
Interest income	76	19	14	13	15	61	13	14	19	21	67	83
Interest expense	-23	-4	-3	-2	-3	-12	-5	-5	-4	-5	-18	-24
Exchange (losses)/gains	-5	-8	-2	-1	1	-10	-2	-2	-6	-7	-17	0
Debt extinguishment gain	41	-3	0	0	-2	-5	0	0	0	0	0	0
Others, net	19	8	0	-3	19	25	0	-1	11	24	34	107
Profit (Loss) before tax	-661	-107	-86	-12	9	-196	0	34	40	59	133	182
Income tax	-11	0	1	1	3	5	-2	-4	-1	-2	-8	-2
Net Profit (Loss)	-672	-107	-85	-11	12	-191	-1	30	38	57	124	180
Non-GAAP Adjustment Items and noncontrolling interests	195	45	47	44	51	187	52	48	47	58	205	254
Non-GAAP net loss attributable to the Bilibili Inc.'s shareholders	-478	-61	-38	33	63	-3	51	79	85	114	329	434

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

			EBITDA				EV/EBITDA		
Company	Ticker	EV	2024A	2025E	2026E	2024A	2025E	2026E	Category
Netflix Inc	NFLX.O	524,345	10,747	14,202	17,142	49	37	31	U.S. Entertainment Companies
Meta Platforms Inc	META.O	1,880,867	83,717	119,523	137,443	22	16	14	U.S. Entertainment Companies
Spotify Technology SA	SPOT.K	140,693	1,529	2,520	3,530	92	56	40	U.S. Entertainment Companies
iQIYI Inc	IQ.OQ	3,641	1,321	1,837	1,916	3	2	2	Chinese Video Companies
Kuaishou Technology	1024.HK	34,922	2,427	4,012	4,735	14	9	7	Chinese Video Companies
Mango Excellent Media Co Ltd	300413.SZ	6,120	962	1,066	1,110	6	6	6	Chinese Video Companies
Tencent Holdings Ltd	0700.HK	703,325	31,523	45,245	51,367	22	16	14	Chinese Gaming Companies
NetEase Inc	9999.HK	63,855	4,384	5,537	5,961	15	12	11	Chinese Gaming Companies
						Median	18x	14x	12x
						Mean	28x	19x	15x
Bilibili Inc	BILI.O	8,629	135	447	590	64x	19x	15x	

Notes:

1. Data as of 8/22/2025.

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.

ABOUT THE ANALYSTS

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Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

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