Baidu revenue up 2% amid cost-cutting drive

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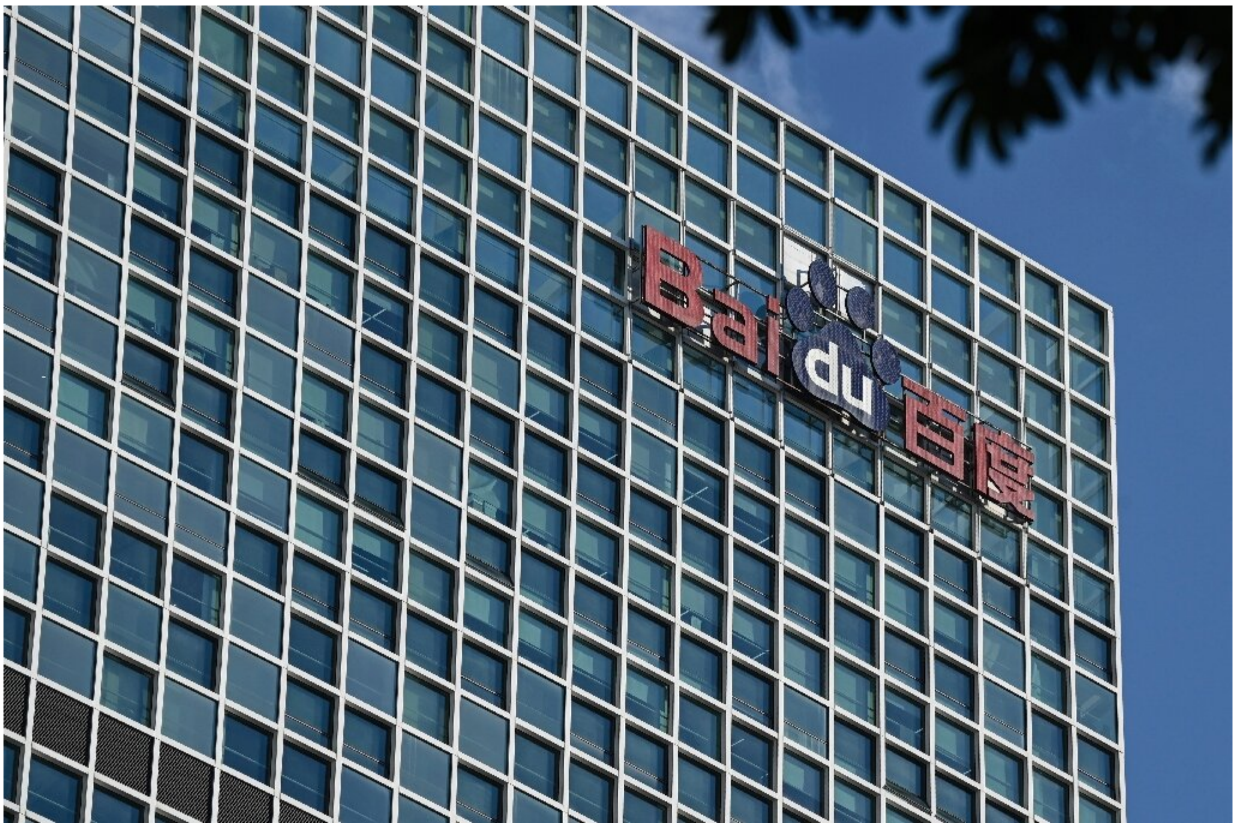

China's major tech companies have been grappling with economic uncertainty, Covid-19 restrictions and heightened scrutiny from regulators in recent months.

Chinese internet giant Baidu reported on Tuesday third-quarter revenues of 32.5 billion yuan ($4.6 billion), representing a year-on-year increase of 2 percent.

Its earnings report showed Baidu posted a net loss of 146 million yuan for the three months through September as it reined in costs and trimmed back far deeper losses from the equivalent quarter last year.

Chinese technology majors have struggled in recent months amid an economic slowdown, COVID-19 curbs that have hammered consumer sentiment, and tighter regulatory scrutiny.

Earnings reports from internet titans, including Alibaba and JD.com, have presented a mixed picture in recent weeks.

"Baidu Core delivered a solid set of financial and operational results in the third quarter, despite the continued challenges posed by the COVID-19 resurgence," said CEO Robin Li.

The core business "resumed positive growth, driven by a gradual recovery of our online marketing business and the steady growth of our AI Cloud revenue", Li said, hailing "significant progress in intelligent driving".

"Looking ahead, we expect our mobile ecosystem to continue generating strong cash flow and fund our investment in AI Cloud and intelligent driving, which will help ... drive long-term business growth," he said.

Beijing-based Baidu reported a third-quarter loss of 16.6 billion yuan last year, despite revenues rising 63 percent year-on-year to 31.9 billion yuan at the time.

The company, which operates China's biggest online search engine, has diversified in recent years into artificial intelligence, cloud computing and autonomous driving technologies as advertising revenue has remained sluggish.

Mixed bag

Beijing has wrought a sweeping crackdown on the tech industry since late 2020 as part of an effort to curb monopolistic practices and promote competition between internet platforms.

But the strategy of record fines, torched IPOs and probes into major firms have hit revenues and placed further strain on the ailing economy.

E-commerce titan Alibaba announced last week a third-quarter loss of 20.6 billion yuan, which it partly blamed on a "decrease in market prices of our equity investments in publicly traded companies".

Rival JD.com reported a sales rise of 11 percent year-on-year, although neither platform released full revenue figures for the "Singles' Day" shopping bonanza this month, considered a barometer of Chinese consumer sentiment.

Despite recently announcing the loosening of coronavirus policies, some Chinese authorities are persisting with a zero-tolerance strategy of snap lockdowns that have disrupted business operations in some areas.