Baidu Q3 revenue beats expectations but profit drops

November 7 2019

Baidu is facing competition from ByteDance, which runs popular video apps such as TikTok and Douyin and has moved into the online search sector

Chinese internet search leader Baidu beat revenue estimates in its latest quarter but still posted a net loss, which it blamed largely on equity investments that fared poorly.

The Beijing-based search leader said its total revenues in the third quarter ending September 30 came in at 28.1 billion yuan ($4.0 billion), down slightly from a year earlier but just beating a 27.5 billion yuan average predicted in a Bloomberg poll of analysts.

The result was announced after US markets closed, sending the Nasdaq-listed company's shares up more than six percent at one point in after-hours trading.

Baidu reported a net loss of 6.37 billion yuan for the three months, compared with the year-earlier period, due largely to a "non-cash impairment" of 8.9 billion yuan on equity investments.

Considered China's answer to Google, Baidu has traditionally relied on advertising for much of its revenue.

But the ad sector is particularly vulnerable to economic slowdowns like the one China is currently experiencing, raising concern for Baidu's future profits.

The firm has also been pouring huge sums into a push to reposition itself as a leader in advanced technologies such as artificial intelligence (AI) and driverless cars, which the government wants the country to become a leader in.

In the first quarter of this year, Baidu posted its first quarterly loss since going public in 2005, and saw the head of its core search business resign amid the struggle to grow ad sales.

Baidu has in particular faced a stiff challenge from upstart ByteDance, which has quickly grown its user base thanks to highly popular video apps such as TikTok and Douyin, and has recently moved into the internet search sector.

The challenges faced by Baidu have caused the value of its shares to fall by around 45 percent this year while other big Chinese internet companies such as Alibaba and Tencent have held steady or risen.

But Baidu said daily active users of its app rose 25 percent year-on-year, contributing to the third-quarter revenue growth.

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