



T. H. Data Flash – iQIYI Inc. (IQ) – 3Q18

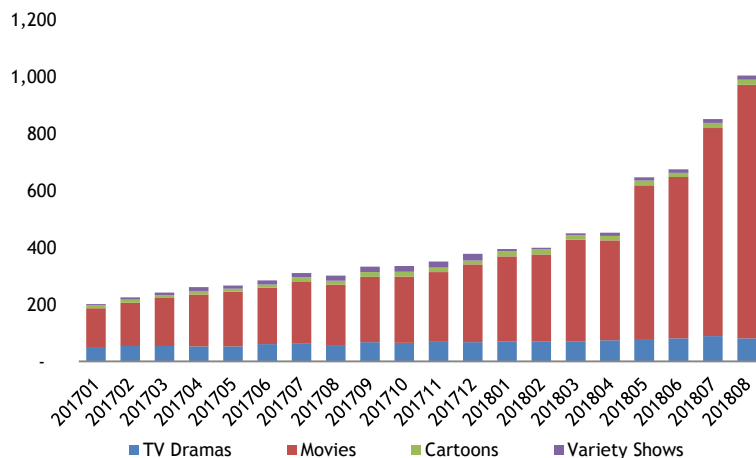
More In-House Produced Content to Drive Paying Member Growth and Better Revenue in 3Q18

iQIYI added more in-house produced content, which we believe is a driver for its paying members. iQIYI had the highest number of in-house produced content and associated video views among its peers. In addition, it also had the highest number of actively viewed content titles and newly added content. These factors are the main contributor to the growth in paying members and cost.

- **3Q18 revenue likely to be better than consensus with more paying members** - Based on our data and calculations, we believe IQ's paying members in 3Q18 is likely to be in the range of 71M – 73M, vs. 66.2M in 2Q18 and 45.0M in 3Q17. Total revenue is likely to be RMB7,105M, above consensus at RMB6,923.3M, and cost is likely to be high at about RMB7,329M that was used for producing in-house content and licensing outside content.
- **In-house content increase Y/Y** - The total number of in-house produced content was 1,004 in 3Q18E, an increase of 203.6% Y/Y from 301 in 3Q17 (Figure 1), vs. combined in-house content of three other vendors at 2,046 in 3Q18E, an increase of 143.3% Y/Y from 841 in 3Q17. iQIYI accounted for 50% share of the combined in-house content. The total number of actively viewed content titles was 19,395 in 3Q18E, increase of 18.3% Y/Y from 16,511 in 3Q17 iQiyi (Figure 2), and newly added views increased 23.6% Y/Y to 144B in 3Q18E, with TV dramas accounting for 47.3% of total views in 3Q18E (Figure 3).

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Figure 1: Number of Actively Viewed In-house Content, 1/2017 – 8/2018



Source: T.H. DATA (www.thdata.com)

iQIYI Inc.

IQ: N/A

Price: \$26.33

Target Price: N/A

52 Week Range: \$15.30- \$46.23

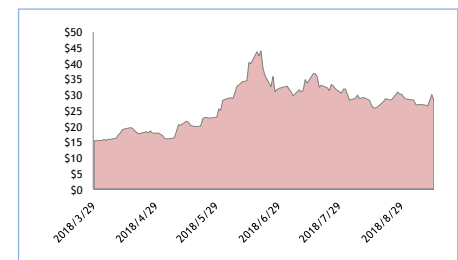
Market Cap: \$18.8B

Avg. Daily Vol. (100 day): 24,637,759

3-Yr. Est. Rev. CAGR: 43%

FY (Dec)	2017A	2018E	2019E
Q1	3,284A	4,877A	6,924E
Q2	4,326A	6,170A	8,178E
Q3	5,951A	6,923E	9,024E
Q4	4,817A	6,724E	8,651E
Revenue	17,378A	24,695E	32,777E
Q1	(37.60)A	(13.80)A	(1.40)E
Q2	(19.48)A	(3.01)A	(1.42)E
Q3	(21.49)A	(2.60)E	(1.41)E
Q4	29.86A	(1.89)E	(1.02)E
GAAP EPS	2.10A	(21.30)E	(5.24)E
P/S	6.9x	5.0x	3.7x

All figures in RMB millions unless otherwise noted



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