



T. H. Data Flash - Baidu, Inc. - August 2017 & Preliminary 3Q17

September 29, 2017

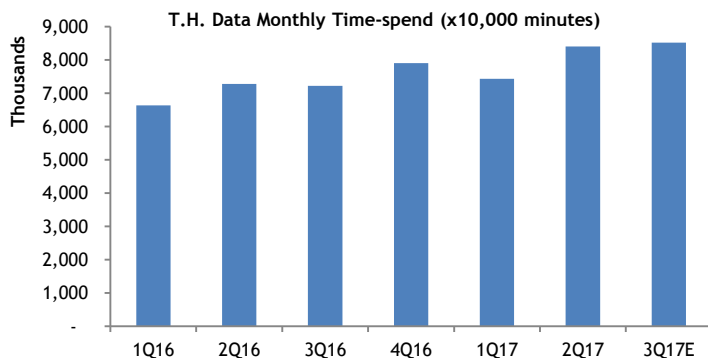
Video and Search are Doing Better to Drive Better 3Q17; Maintain Hold

Based on our data and calculations, we believe BIDU is likely to deliver 3Q17 top line at around RMB23.683B, at least inline with or slightly higher than consensus at RMB23.538B. The company's guidance is between RMB23.130B and RMB 23.750B. A few points we want to mention: 1) its investment in O2O has been stalled; 2) its investment in iQiyi has increased; and 3) the news feed business is performing well.

- **Search time-spend increased Y/Y** – Total monthly time-spend on Baidu increased 17.9% Y/Y to 85.2B minutes in 3Q17E (Figure 1). Total monthly unique devices reached 396.9M in 3Q17E, an increase of 14.0% Y/Y, and total monthly uses reached 7.5B in 3Q17E, an increase of 16.1% Y/Y (Figure 2).
- **Maintain Hold rating** – We maintain our Hold rating as we believe that Baidu does not have a firm strategy in place to drive long-term growth.

For the full version of this report, please contact TH Capital.

Figure 1: Monthly Time-Spend by Minutes, 1Q16 – 3Q17E



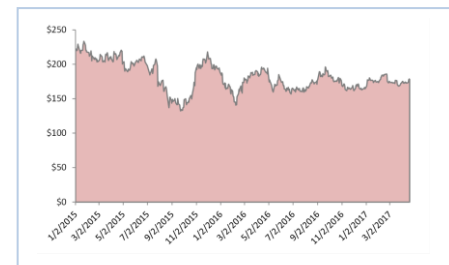
Source: iResearch and T.H. Data (www.thdata.com)

BIDU: Hold
Price: \$241.28
Target Price: N/A

52 Week Range:	\$159.54 - \$242.70
Market Cap:	\$83.7B
Avg. Daily Vol. (100 day):	2,905,025
Net cash per share:	\$33.40

FY (Dec)	2016A	2017E	2018E
Q1	\$2,454A	\$2,454A	\$3,263E
Q2	\$2,748A	\$3,079A	\$3,869E
Q3	\$2,737A	\$3,472E	\$4,171E
Q4	<u>\$2.623A</u>	<u>\$3.699E</u>	<u>\$4.381E</u>
Revenue*	\$10,161A	\$12,741E	\$15,684E
Previous Rev.	N/A	\$12,010E	\$14,688E
Q1	\$0.83A	\$0.67A	\$1.26E
Q2	\$0.99A	\$1.67A	\$1.95E
Q3	\$1.28A	\$1.58E	\$2.19E
Q4	<u>\$1.64A</u>	<u>\$1.61E</u>	<u>\$2.49E</u>
GAAP EPS	\$4.59A	\$5.54E	\$7.89E
Previous EPS	N/A	\$5.28E	\$7.46E
P/E	52.6x	43.6x	30.6x

* Indicates total revenue including sales tax; Quarters may not add due to currency conversion All figures in millions unless otherwise noted



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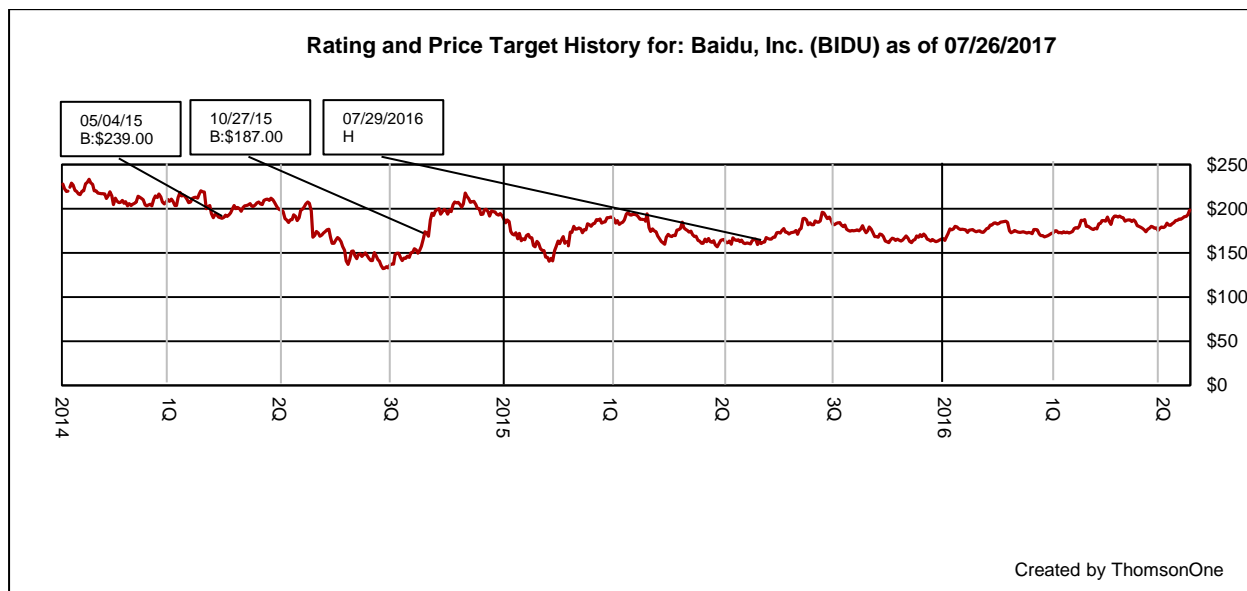
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