

## (BN) Baidu Profit Beats Estimates on Rising Mobile Search Revenue

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By Lulu Yilun Chen

Oct. 30 (Bloomberg) -- Baidu Inc., the owner of China's largest Internet search engine, said it will continue to aggressively invest in mobile to boost market share, after third quarter profit beat estimates.

Net income rose 1.3 percent to 3.05 billion yuan (\$498 million) from 3 billion yuan a year earlier, Beijing-based Baidu said in a statement yesterday. That surpassed the 3 billion-yuan average of 10 analysts' estimates compiled by Bloomberg. Revenue rose 42 percent to 8.89 billion yuan, compared with the 8.79 billion-yuan average of 18 estimates.

Baidu is investing in mobile development as its search app installments rose 50 percent to 330 million users by the end of September compared with three months ago. The Internet company agreed in August to pay \$160 million for 59 percent of location-based e-commerce service Nuomi Holdings Inc. and in July said it would buy app store 91 Wireless Websoft Ltd. for \$1.9 billion.

"The company is very willing to invest in mobile and so far results are good," Echo He, analyst at Maxim Group LLC in New York said by phone. "Baidu's fourth quarter results should be better than this quarter as it will sell more advertisements to businesses during the holiday and shopping season."

The American depository receipts of Baidu rose 7.4 percent to \$170.21 at 5:02 p.m. in New York trading yesterday.

### Crucial Year

Baidu forecast fourth-quarter revenue of as much as 9.5 billion yuan. That compares with the 8.92 billion-yuan average of 15 analysts' estimates.

"We have invested more than any of the other competitors in the mobile search front," said Robin Li, chairman and chief executive officer of Baidu during an earnings call today. "This year and next year will be very, very crucial for the eventual success of the overall mobile strategy."

Baidu had an 81 percent share of search-engine queries in China in the three months ended June, followed by Qihoo with 10.1 percent, according to data compiled by Bloomberg.

The company's online marketing revenue climbed 42 percent in the third quarter.

"Businesses had bigger budgets to run ads on Baidu's platform," Ricky Lai, an analyst at Guotai Junan International Holdings Ltd. in Hong Kong, said before the earnings. Baidu's "strengthening mobile position also helps with traffic."

China had 1.21 billion mobile-phone subscribers as of September, an 8.5 percent increase from the end of last year, based on data released by the Beijing-based Ministry of Information Industry.

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