

Baidu net income surges in 4th quarter

31 January 2011, By DANA WOLLMAN , AP Technology Writer

(AP) -- Baidu.com Inc., which operates China's leading search engine, said Monday that its fourth-quarter profit more than tripled to surpass Wall Street expectations, sending shares higher in after-hours trading.

While Google Inc. has become synonymous with Web searches in the U.S., Baidu dominates the Chinese market. The research firm Analysys International says that as of September, 73 percent of Web searches in China are done on Baidu. Google snags only 22 percent of searches in China.

The Beijing-based company's profit soared to 1.16 billion yuan (\$175.9 million), or 3.32 yuan (50 cents) per American depositary share during the December quarter. That compares with year-earlier earnings of 427.9 million yuan, or 1.23 yuan per U.S.-traded share.

Excluding stock options expenses, the company earned 52 cents per share. Analysts expected 47 cents per share, according to FactSet.

Revenue nearly doubled to 2.45 billion yuan (\$371.3 million) from 1.26 billion yuan. Analysts predicted \$350.3 million.

Shares of the company rose \$8.73, or 8.7 percent, to \$117.36 during after-hours trading on Monday after the report was released. In regular trading, Baidu's stock closed at \$108.63, a gain of \$2.09, or 2 percent.

The company said that in the future it will work to integrate its search technology with other online activities such as e-commerce and social networking. In the U.S., many websites incorporate Google's search technology. A notable exception: Facebook shows search results from Bing, Microsoft Corp.'s search engine.

For the year, Baidu earned 3.53 billion yuan (\$534.1 million), or 10.10 yuan (\$1.53) per American depositary share. That compares with

profit of 1.49 billion yuan, or 4.27 yuan per American depositary share, in 2009.

Revenue rose to 7.92 billion yuan (\$1.2 billion) from 4.45 billion yuan in 2009.

For the current quarter, Baidu expects to generate revenue between \$360.6 million and \$371.2 million, well above the average estimate of \$342 million, according to FactSet.

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