

# Baidu profit grows 56% as apps and AI lift revenues

31 October 2018



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Chinese online search giant Baidu on Wednesday said net profit for the third quarter jumped 56 percent on continued robust growth in revenue and traffic to its mobile app.

Net income grew to 12.4 billion yuan (\$1.78 billion) for the three months ending September 30.

The Beijing-based, Nasdaq-listed company credited "impressive" gains in its search function, news feed, and the new artificial intelligence (AI) projects that Baidu is staking its future on.

Quarterly revenues remained strong, growing 27 percent year-on-year to 28.2 billion yuan, Baidu said in an statement. It follows second-quarter earnings that were up 32 percent.

"Feed revenue has been a bright spot in driving Baidu's revenue growth due to robust user traffic growth, as well as strong traction with Baidu's video offerings," chairman and CEO Robin Li said in the statement.

Baidu is seeking to reposition itself from a heavy reliance on the search-engine business toward technologies used in AI, which China's government wants the country to become a leader in.

At a developer's conference this year, Baidu showcased upgrades to Baidu Brain, the baseline for its AI services, and DuerOS, a conversational AI system.

"On the AI side, DuerOS continues to see strong adoption with an installed base reaching 141 million and voice queries surpassing 800 million in September 2018," Li said.

But Baidu forecast slower [revenue](#) growth than expected for the fourth quarter of between 25.5 billion and 26.7 billion yuan, down slightly from previous estimates.

Baidu dominates desktop searches in China but there is uncertainty over the advertising outlook amid fears that a slowing Chinese economy and the Sino-US trade war could impact consumer spending and ad sales.

Baidu also faces competition from newcomers such as Bytedance, which offers a range of popular content apps.

Daily active users of the Baidu App averaged 151 million in September 2018, up 19 percent year-on-year, but down from a peak of 161 million reached in August.

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