

Baidu profit falls but revenue beats expectations

February 22 2019



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Leading Chinese internet search provider Baidu has announced a 50 percent plunge in net profit for the fourth quarter but revenue beat

expectations on growth in its core search business and a push into artificial intelligence (AI).

The Beijing-based, Nasdaq-listed company said late Thursday its [fourth-quarter](#) profit came in at 2.08 billion yuan (\$303 million) in the October-December period.

Earnings were hit by losses stemming from non-controlling interests in Baidu's video unit iQiyi, which was spun off last year, and continued investments into new fields.

But total revenues for the quarter were a better-than-expected 27.2 billion yuan, beating analyst estimates and Baidu's own projections, and the company indicated it planned to stay the course.

"The diversification of Baidu's business from mobile internet into the [smart home](#), smart transportation, cloud and autonomous driving markets will require heavy investments," Chief Financial Officer Herman Yu said.

"Nevertheless, these investments taken together give Baidu a balanced portfolio for short-term, medium-term and long-term returns, and we hope to see these investments bear fruit and accelerate Baidu's [revenue](#) growth in the coming years."

For the full year, Baidu profit rose 51 percent to 27.6 billion yuan, the company said.

Baidu, along with Alibaba and Tencent, form the so-called "BAT" troika of Chinese Internet giants.

But while Alibaba and Tencent have remained in favour, Baidu has lost a bit of lustre in the eyes of some analysts.

Considered China's answer to Google, it relies on advertising for some of its revenue, a sector that is particularly vulnerable to economic slowdowns like the one China is experiencing now.

The Chinese economy grew 6.6 percent in 2018, a healthy clip for most countries but the slowest for China in nearly three decades.

Baidu once again posted solid growth in daily active users to its main app and other core offerings.

The [company](#) 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.

Baidu said, however, that it expects revenue growth to slow in the first quarter of 2019.

Company analysts have said this would be due to China's slowing economy and one-off charges during the period.

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