



BILIBILI

CIMK Company Profile
March 2021



CIMK



SUMMARY - BILIBILI

Bilibili is a Chinese video-sharing website based in Shanghai that focuses on animation, comics, and games (ACG). In addition to classic on-demand videos, they also offer live streaming services. The company relies heavily on professional (licensed and self-procured) and user-generated videos. In addition to the overall video business, they also have other business segments. The biggest one is mobile games, where they made USD 736.2 million in 2020. Besides, they also have their eCommerce store where they sell domain-specific stuff.

Bilibili went public on Nasdaq on March 28, 2018, under the ticker symbol "BILI" and is now planning to do a second listing on the Hong Kong Stock Exchange at the end of March 2021. The company has grown almost exponentially in recent years in spite of going through a high number of losses. Bilibili intends to position itself as one of the market leaders in China's entertainment sector in the long term.

Technologically, they have also set themselves apart from their competition by developing a real-time subtitling system that allows users to feel that they are consuming content and games together with other users.

As per the market experts, it will not be easy for such a successful growth stock to have a successful second listing in Hong Kong due to the current stock market environment, which is not very promising recently. However, it should be noted that Bilibili's shares were oversubscribed almost 127 times.



EVALUATION - BILIBILI

We evaluate this multilayered company based on three different dimensions.



Chances

- Bilibili continues to show strong growth in user numbers. The associated reach can be monetized in different ways.
- The focus on anime in the video, live streaming, and gaming area allows Bilibili to differentiate itself from the competition.
- Bilibili has a strong strategical partner in terms of content and eCommerce.

Risks

- Large and increasing loss, where it is not foreseeable when break-even will be reached.
- Short video apps have disrupted the entire video market, and there will be many new competitors in the future.
- The high complexity of the business with gaming, videos, and live streaming requires strong management.
- User-generated videos and comments can always cause problems with the authorities in China.



Competitive Position

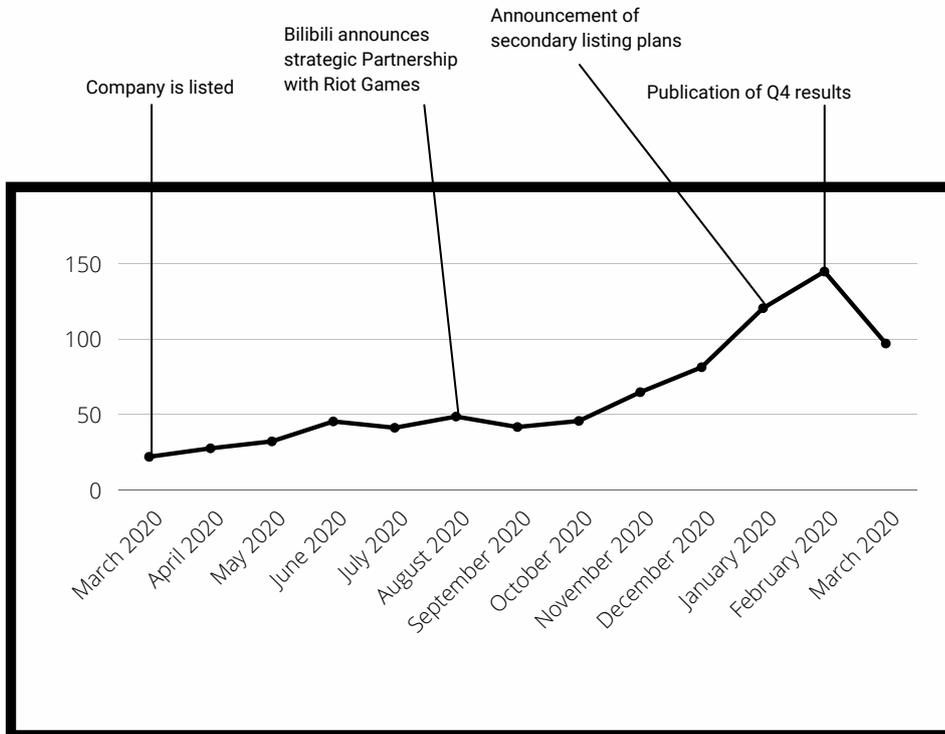
- Currently, they are one of the three largest video providers (along with Tencent Video and iQiyi). iQiyi is the market leader.
- Compared to the competition, they have an evident and different focus in using anime.
- Competition in the gaming sector is very high, so it is crucial to cooperate with the market leader like Tencent.



STOCK MARKET PERFORMANCE

(28 March)

Stock Market Information : BILI



Market Cap

USD 34.202B

Volatility (USD)

52-week Range 22.15 - 157.66
 Day's Range 91.26 - 101.74

Shareholder Returns

	Bilibili	Industry
7 Day	-10.8%	-5.0%
30 Day	-23.6%	-11.6%
90 Day	18.4%	2.1%
1 Year	339.1%	86.4%
3 Year	n/a	96.9%
5 Year	782.5%	152.7%

Analyst Price Target

High	200.00
Average	170.14
Low	140.00

Based on 7 Wall Street Analysts

Share Statistics

Share Outstanding	351.92M
Float % Held by Institutions	50.84%
Shares Short (Mar 14, 2021)	21.24M
Short % of Shares Outstanding	6.03%

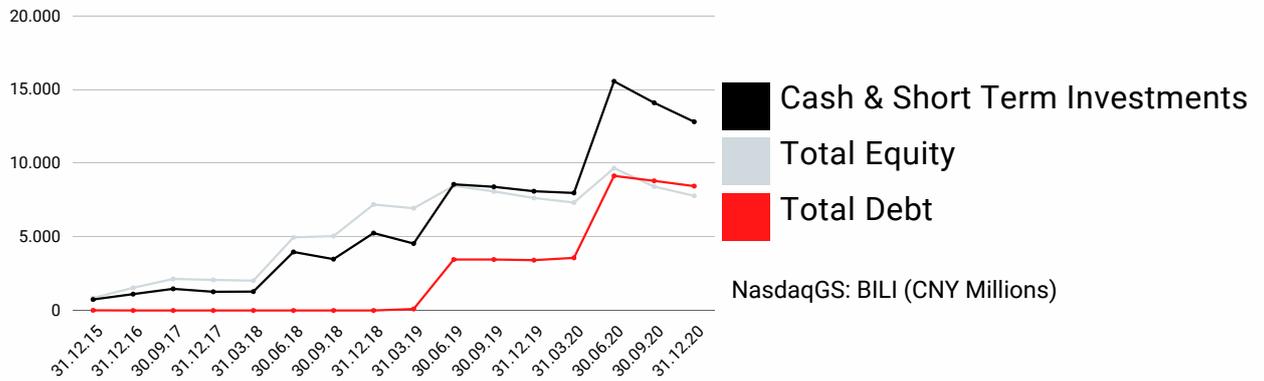
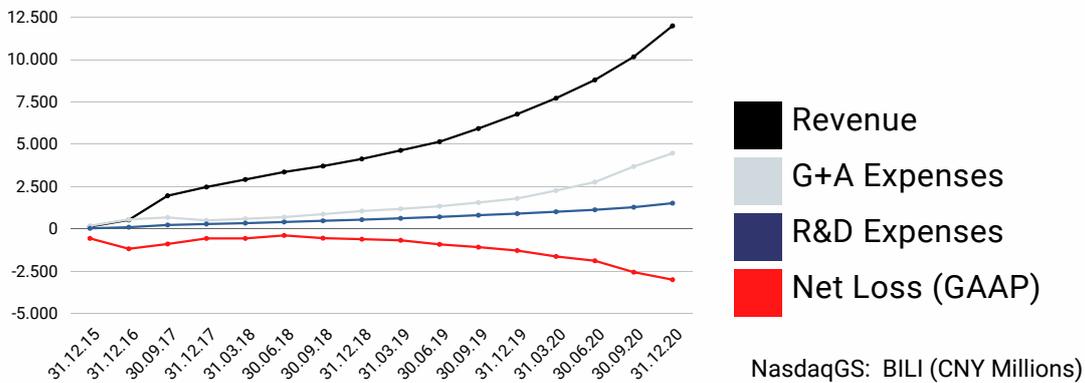
Take Away

Bilibili had an impressive run on the stock market in 2020 and, as a Chinese star stock, they have been able to double the market cap several times. This increase is mainly due to the user growth and the associated potential dominance of the future platform position. Due to macroeconomic changes in March 2021, Bilibili as a growth stock has lost heavily, and a further decline may well be possible in the medium term.



FINANCIAL PERFORMANCE

General Financial Numbers



Industry-Specific Financial Numbers (Q4 2020)

Average Monthly Active Users

202 MILLION (55% YOY)

Average Daily Active Users

54 MILLION (42% YOY)

Average Monthly Paying Users

17.9 MILLION (103% YOY)

Take Away

Bilibili has managed to increase its revenue almost exponentially. In 2020 alone, their revenue has roughly doubled. At the same time, their debt has grown significantly and is now higher than its equity. However, this is justifiable, as the company manages to raise a lot of capital for growth through IPOs and further equity rounds. Therefore, they can currently afford an increasing net loss.



CORPORATE STRATEGY & PRODUCTS

Corporate Strategy - Bilibili

Overview

Bilibili is a Chinese video-sharing website based in Shanghai that focuses on animation, comics, and games (ACG). Bilibili offers videos and a live streaming service where the audience can interact with the live-streamers. They rely primarily on professional and user-generated videos. Besides the video service, they also focus on mobile games and other value-added services (VAS). Their official platform includes "Bilibili" mobile apps, PC websites, Smart TV, Bilibili Comic, and various related features, functionalities, tools, and services they provide to users and content creators.

The company website was first launched in June 2009 and was officially named "Bilibili" in January 2010. Their official business operations were launched in 2011. Two years later, the offshore holding company was established in the Cayman Islands. Bilibili went public on Nasdaq on March 28, 2018, under the ticker symbol "BILI." In the IPO, Bilibili raised net proceeds of approximately USD 443.3 million, net of offering expenses. In September 2020, the company launched its first Bilibili Video Satellite.

Another core feature of Bilibili is a real-time captioning system. Here, user comments are displayed as streams of scrolling subtitles superimposed over the video playback screen. Such subtitles are simultaneously broadcast to all the viewers in real-time, creating a chat room experience where users feel they are watching and interacting with others.

Over the years, Bilibili has been able to attract strong partners who support them in their growth. In 2018, Bilibili signed an agreement with technology giant Tencent which caused Tencent to invest approximately USD 317.6 million in Bilibili. The strategic cooperation agreement with Tencent provides for sharing and operating existing and providing additional anime and games on Bilibili's online platform. This means that Bilibili and Tencent participate in exchanging and purchasing existing anime copyrights and jointly source and produce anime projects. Besides, Tencent's games are also distributed on Bilibili's platform.

In December 2018, Bilibili and Alibaba group began business cooperation in content creation and marketing. As a result of the same move, Taobao is now working with Bilibili to promote and market Bilibili's IP assets. In February 2019, Alibaba group became their major shareholder. Alibaba has also become one of their key brand advertisers now. In April 2020, Bilibili entered into a strategic investment with Sony to explore cooperation opportunities in the Chinese entertainment business. Bilibili is helping Sony deepen its understanding of and insight into the Chinese entertainment market.

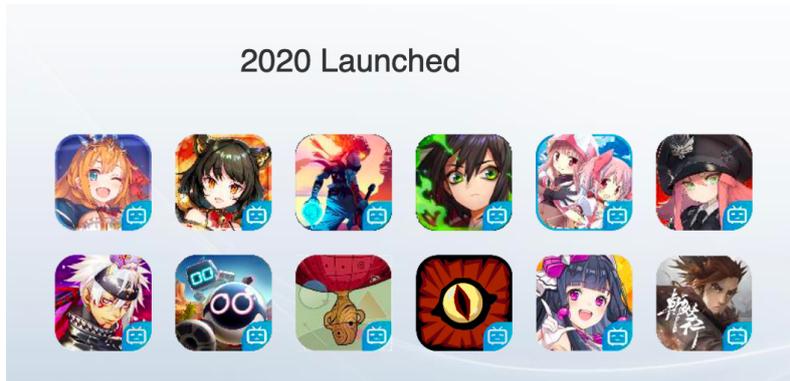


Monetization

Bilibili monitors its customers through mobile games, value-added services (premium membership, live streaming), advertising, and eCommerce. Costs consist of revenue sharing, content costs, server and bandwidth costs, eCommerce, and other costs.

Mobile Games

Mobile game revenues increased to USD 736.2 million in 2020 (34% YoY). The increase was mainly due to the growing popularity of newly launched mobile games.



Value-added Services

Revenues from value-added services amounted to USD 589.4 million (134% YoY) in 2020. Growth was driven by an increasing number of paying users for its value-added services, including its premium membership program, live broadcast services, and other value-added services. In the fourth quarter of 2020, their average number of monthly paying users was 17.9 million, compared to 8.8 million for the same period in 2019.

Premium membership
Enjoy exclusive or advanced high quality content

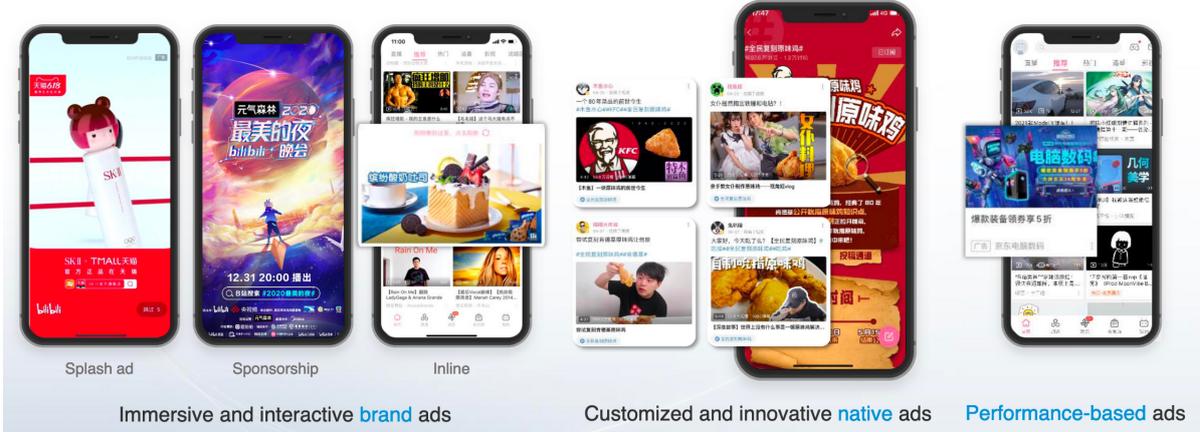
Live broadcasting
Natural extension of our diversified content platform

Bilibili Comic
Pay to view comic platform



Advertisement

Bilibili's advertisement revenue in 2020 increased to USD 282.4 million (126% YoY). This increase was primarily due to the continued recognition of the Bilibili brand name in the Chinese online advertising market and improved advertising efficiency. Bilibili offers various advertising formats, including brand advertising, performance-based advertising, and native advertising. Brand advertising primarily appears on the app home page, top banner, website home page banner, and inline video feed next to organic feeds. Brand ads can also be customized to the advertiser's needs and appear in Bilibili produced OGV or events. Performance-based ads primarily appear as inline video feeds alongside organic feeds. This format allows them to serve personalized feed ads across their platform.



Revenue from eCommerce and others was USD 231.0 million (109% YoY), mainly attributable to the increase in product sales through the company's e-commerce platform and content licensing. E-commerce and other eCommerce initiatives focus on the IP value of ACG-related content. Bilibili also offers ACG-related merchandise and generates revenue from the sale of these products. For example, they recommend merchandise related to the same topic to users who are particularly interested in a particular anime and encourage them to place orders on their platform.

Take Away Bilibili is relatively broadly positioned and has three relevant segments: mobile games, video content, and eCommerce. These different areas with much growth potential make the company very interesting, as it is also possible to create synergies and network effects between these areas.



NEWS

Chinese News Sources

Bilibili makes a mistake because they wrote "BiliBili" as "Baidu" on the front page of the company information sheet published by the Hong Kong Stock Exchange.

Published on March 27, 2021

Negative

[Link](#)

Bilibili's Second Listing could become critical as Baidu's secondary listing in Hong Kong has fallen three days in a row.

From the press release at 09:30 today

Negative

[Link](#)

Bilibili rose more than 3% before the IPO, and the Hong Kong IPO was 174.19 times oversubscribed.

From press release 03-26 20:02

Positive

[Link](#)

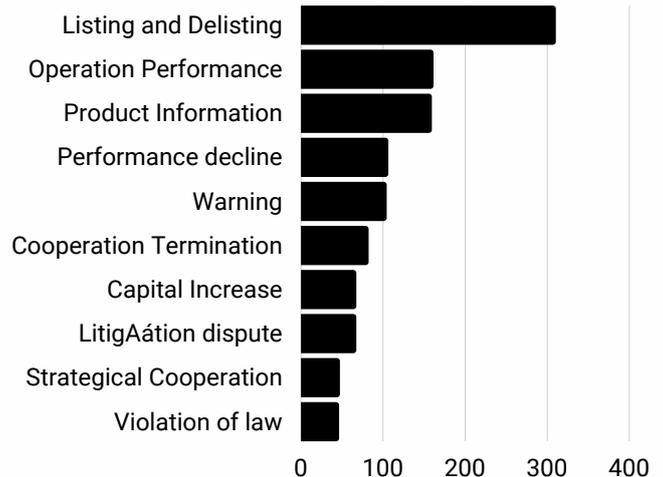
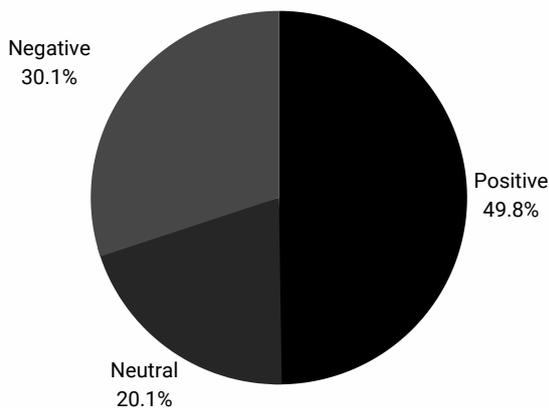
Bilibili's eCommerce store still displays "H&M" purchase recommendations in connection with the content.

From news posted on 03-25 13:33

Neutral

[Link](#)

News Analysis



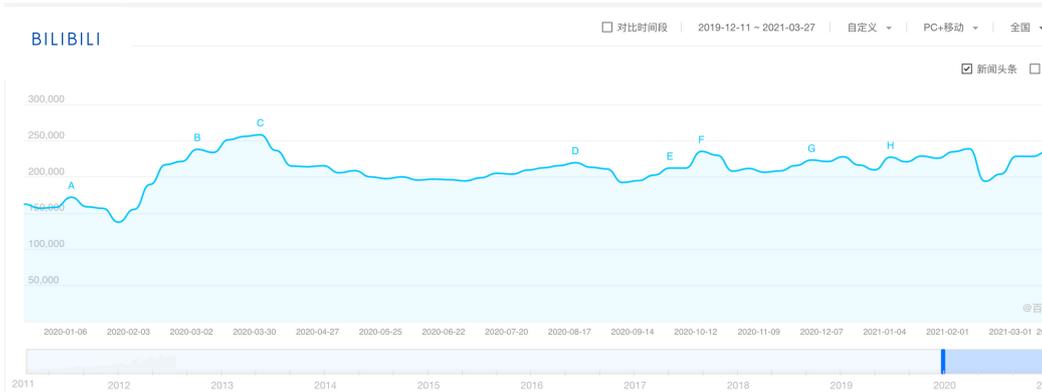
Take Away

Bilibili has struggled with over propositional negative headlines. In the last few days, there have been many laughs about that they wrote "Baidu" instead of their name in an official IPO document for their second listing in Honk Kong.

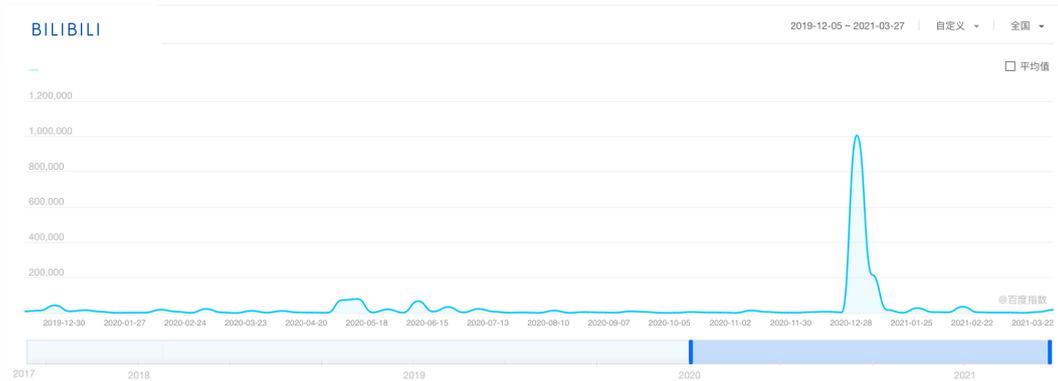


SENTIMENT IN CHINESE SOCIAL MEDIA

Search Index



Information Amount



(Semi)-Professional Investor Posts



Takun (+)

03-28 09:13 from Android

The biggest cognitive difference between a user Ve3345 and me is that he thinks Bilibili is a traffic network that can be compared to other platforms by looking at conversion rate, while I think Bilibili is a user network that represents the exclusive content network effect of Generation Z by looking at LTV. \$Bili (Bili)\$

投资成就人生 (+)

03-17 19:13 from website

!Let's talk about BiliBili

A few friends asked me if it was possible to invest in BiliBili. I did a quick analysis and compared it to other stocks. I didn't recommend any stocks, just for reference. BiliBili is a typical growth stock, with 60% sales in the past three years, 20 billion sales in 2020, and the current market value of 223.7 billion yuan. In 2020, the static PS is 11, and the dynamic PS is about 6.6, according to 70% growth. At 30%, it is 8.6. it compared with Nafi in 2020, 24.9 billion.



CIMK MISSION & VISION

CIMK is an online platform to share information and analysis about Chinese industries and public companies with semi-professional, non-Chinese-speaking investors.

Our goal is to close the tremendous information gap and language barrier between these investors and the Chinese market by providing in-depth information about the Chinese companies' business models, financial performances, and overall market environment. We will provide you with all available financial and non-financial information that will allow you to identify stocks that match your investment parameters.

For now, CIMK will provide you with in-depth quantitative and qualitative company profiles that will enable you as an investor to understand a company from different perspectives. In the long run, CIMK will offer a software-based dashboard that will provide real-time information about various Chinese companies and industries, which will help you to answer the following questions:

- 1 Are the business model and the products of the company interesting for you?
- 2 Is the company playing a leading role in their industry?
- 3 What are the current prospects and risks of this company?
- 4 Does this company fit my investment criteria?



THANK YOU



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