Baidu Profit Doubles but Revenue Falls

Growing AI business partly offsets the effect of lackluster advertising demand

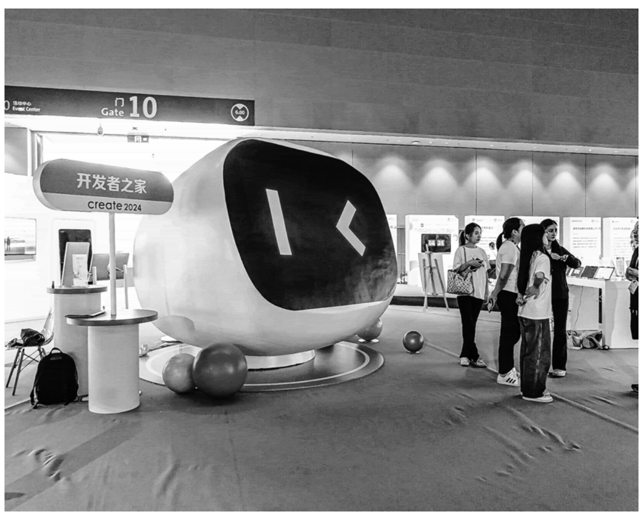
By Tracy Qu

China's **Baidu** reported lower revenue for the third straight quarter but doubled its profit as the search-engine giant's growing AI business partly offset weak advertising demand.

The Beijing-based internet company said Tuesday that fourth-quarter revenue fell 2.4% to 34.12 billion yuan, equivalent to $4.70 billion, better than analysts' estimates for a drop of nearly 5%.

Net profit soared to 5.19 billion yuan from 2.60 billion yuan, beating the 3.75 billion yuan expected by analysts in a FactSet poll.

"Our AI Cloud business demonstrated robust momentum with fourth-quarter revenue growth accelerating to 26% year over year, offsetting the softness in online marketing business," said Junjie He, Baidu's interim chief financial officer. "While navigating near-term pressures, we are confident that our strategic AI investments will drive meaningful progress and foster long-term success."

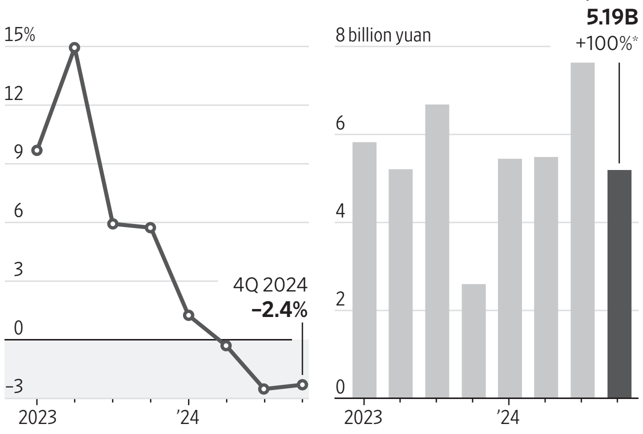


QILAI SHEN/BLOOMBERG NEWS

Baidu appeared at a Shenzhen, China, conference last year.

Baidu's quarterly revenue, change from a year earlier

Net profit, quarterly



*Change from a year earlier Note: 1 billion yuan = $137.7 million
Sources: S&P Capital IQ; the company

The Chinese tech company said last week that it would make its AI chatbot free for mobile and desktop users starting in April amid growing competition in China's rapidly expanding AI industry.

The popularity of Baidu's Ernie Bot, once the most eye-catching AI chatbot in China, has faded slightly, especially after Chinese upstart **DeepSeek** caught global attention in late January. Ernie Bot's monthly active users ranked fourth in January among Chinese chatbots, according to aicpb.com, a Chinese website that tracks AI products. **ByteDance**'s Doubao was No. 1, followed by DeepSeek, the site showed.

Baidu said in the earnings release that its Ernie Bot shows "strong momentum" and handled 1.65 billion API calls daily in December.

Still, given that search remains Baidu's core business, analysts are closely watching the development of Baidu's AI search, which could give the company's advertising revenue a much-needed boost.

Besides AI, Baidu has diversified into other areas, investing in cloud computing and self-driving technology as it searches for its next growth driver. In November, the company's Apollo Go robotaxi service received permits to conduct autonomous-driving tests on Hong Kong's public roads.

More broadly, Beijing has recently indicated more support for the tech industry, a shift from its attitude several years ago when China cracked down on the sector's biggest companies. On Monday, President Xi Jinping met with leading technology entrepreneurs and CEOs, a move signaling that Beijing needed the private sector to deliver economic growth and self-sufficiency.

Baidu's American depositary receipts slid 7.5% in Tuesday's trading.

Scania to Buy Northvolt's Heavy Industry Business

By Dominic Chopping

STOCKHOLM—Truck maker **Scania** agreed to buy **Northvolt**'s heavy industry business, as the battery maker continues to work through a restructuring process.

"This acquisition will provide access to a highly skilled and experienced team and a strong portfolio of battery systems built in Gdansk for industrial segments, such as construction and mining, complementing Scania's current customer offering," a Scania representative said.

The business, Northvolt Systems Industrial, was established in 2018 and currently employs around 300 people in a battery-systems prototyping facility in Stockholm, Sweden, and a production facility in Gdansk, Poland.

It produces batteries for customers in industries including material handling, construction equipment, mining, agriculture, and municipal services.

Northvolt is currently working through a chapter 11 bankruptcy protection process as it seeks to restructure its debt after production problems, competition from China and funding shortfalls created a liquidity squeeze.

As part of that process, Northvolt has already agreed to sell its stake in battery recycler Hydrovolt to **Norsk Hydro** as well as its share of a battery joint venture to partner **Volvo Car** as part of its plan to focus on battery production at its northern Sweden factory.

"The transaction is one more important milestone reached on our path to focus the company," said Northvolt Chief Operating Officer Matthias Arleth in a separate statement. "Step by step we are getting closer to the sustainable and stable platform that is required for our future success."

Financial terms weren't disclosed.

ERIKA GERDEMARK/BLOOMBERG NEWS

The truck maker is buying a battery maker for heavy industry. A Scania plant in Sweden.

Capgemini Issues Cautious View, Sending Shares Sharply Lower

By Najat Kantouar

Capgemini shares fell after the French company said it remains cautious on its outlook, and reported lower revenue as customers were slow to make spending decisions.

The consulting-and-technology group said Tuesday that it is confronting an uncertain environment, particularly in the manufacturing sector and in Europe.

The company forecast its revenue performance excluding currency movements for the first half of 2025 would be in line with the 1.1% decline it posted for last year's fourth quarter.

In European trading, shares in Capgemini slid more than 10%. That marked the stock's biggest one-day percentage drop since March 2020, at the outbreak of the pandemic. Shares have risen 5.3% in the year to date.

Consulting companies like Capgemini, **Accenture** and **Infosys** have been hurt by sluggish client spending over the past few quarters.

Capgemini said the environment proved weaker than initially anticipated last year, but that a shift in its portfolio toward higher-value services helped it protect profitability.

The company said it anticipates full-year revenue at constant currency rates to range from a 2% fall to a 2% rise, and targets an operating margin between 13.3% to 13.5%.

Capgemini's full-year guidance looks conservative, Jefferies analysts wrote in a note.

"Having misjudged the speed of market recovery in 2024, we can understand the rationale for starting 2025 on a more conservative footing," the analysts said.

For 2024, group posted a 0.5% rise in net profit to €1.67 billion, equivalent to $1.75 billion, from €1.66 billion for the same period a year earlier.

This compared with market consensus of €1.69 billion based on 13 analysts taken from FactSet.

Operating profit increased to €2.36 billion from €2.35 billion, while operating margin was flat at 13.3%.

Revenue fell to €22.10 billion from €22.52 billion. The consensus stood at €22.05 billion, according to FactSet estimates.

In the fourth quarter, revenue totaled €5.58 billion, down 1.1% on a constant-currency basis. Capgemini said revenue trends gradually improved throughout the year after bottoming out in the first quarter.

Bookings rose 1.9% in the fourth quarter, but the company said clients are still taking a long time to make decisions.

Generative artificial intelligence services accounted for 5% of the company's bookings in the quarter, it said.

The group declared a dividend of €3.40 a share, flat from a year earlier.