



SUMMARY OF INVESTMENT ANALYSIS

Name of the company: Baidu Inc.

Ticker (Exchange)/Price of share: BIDU (NASDAQ)/247 USD

Sector: Technology

Industry: Internet Information Providers

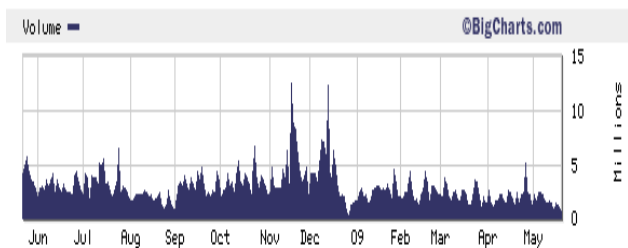
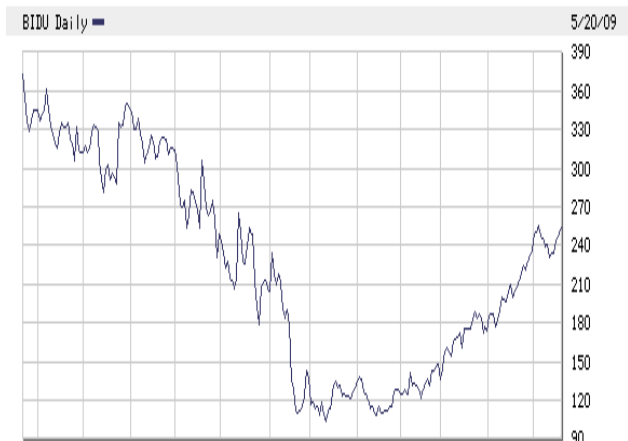
Description:

Baidu Inc. is the biggest internet search engine in China. The company offers a Chinese language search platform. Through its subsidiaries, Baidu Inc. covers the full range of Internet services including online advertising and maintenance of many websites, which gives the users access to unlimited information. The company also operates on the Japanese market. The main products of the company are Baidu Web Search, Baidu Knows and Baidu News, providing information, products and services in education, news and more. Baidu MP3 Search is specialized in search of mp3 files, Baidu Image Search is a search engine of pictures and images, Baidu Space provides preparation and sharing of personal pages and profiles, etc.

Commentary:

- For the first quarter of 2009 Baidu Inc. announced a revenue growth of 41.1% (\$ 118.6 mln.) compared to the same period 2008, which significantly exceeded the forecasts of the analysts and showed that the company is able to generate significant income in times of crisis. Net profit increased 23.5% (\$26.5 mln.), compared to 2008.
- Baidu Inc. announced also that it has more than 185 000 active online marketing customers for 1Q 2009, which is 14.9% growth, compared to the corresponding period last year. That explains the significant revenue growth of the company.
- At the end of April 2009 Baidu Inc. launched a new product, Baidu Online Marketing Professional, which is an enhanced bidding platform for online marketing customers. This platform will give a significant advantage to the company in the online marketing field the China.
- So far Baidu has 59% market share in China, which makes it an unchanged market leader. The management of the company strictly regulates the costs and investments, which enables Baidu Inc. to grow and maintain good profit margins at the same time.
- The \$586 bln. package so far, which the Chinese government poured into the economy to support the demand, was successful and the World Bank prognosis is for 6.5% growth of GDP. So China with its economic power is an important factor and could imply a positive effect in the solving of the financial crisis.

Graph:





G L O B A L M A R K E T S

Basic fundamental data:

Market Capitalization:	8.533 bln. USD	P/E (price/earnings):	54.12
Beta:	1.80	P/S (price/sales):	16.96
EPS:	56.69	P/B (price/book value):	18.18
ROA:	32.05%	ROE:	40.25%
EBITDA	NA	Profit margin:	31.52

Main competitors and related companies:

Google Inc.
Yahoo! Inc.
SINA Corporation (USA)

Updated at: 21.05.09

Sources: www.bloomberg.com, www.reuters.com, www.nyse.com, www.yahoo.com; www.biqcharts.com

For Global Markets Ltd. prepared by: Konstantin Sirakov, Investment adviser

The information above represents investment research as it is defined in art. 42, para. 6 - Ordinance № 38/2007 of FSC, for the requirements of the activities of the investment intermediaries, respectively it is not conformed to the investment objectives, financial statement, experience and the respond of the specific investor to the risk. It is in your interest, before taking an investment decision on the basis of this investment research, to receive an investment advice, appropriate for your specific characteristics as an investor.

Trading of financial instruments is a highly risky activity and there is a significant probability for making losses. This commentary does not constitute a proposal for purchase or sale of shares. Authors and owners of this website are not liable, jointly and severally, on the accuracy.