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Baidu Inc., owner of China's biggest search engine, reported third quarter profit more than doubled, beating analysts' estimates, after the company grabbed business as Google Inc. overhauled its local operations.

Net income climbed to 1.05 billion yuan ($156.4 million), or 3 yuan per American depositary receipt, compared with 492.9 million yuan, or 1.41 yuan, a year earlier, Baidu said today in a statement. That exceeded the 959 million yuan average of 11 analysts' estimates compiled by Bloomberg. Sales increased 76 percent to 2.26 billion yuan.

Chairman Robin Li is upgrading technology to help Baidu hang on to share gains after Google closed its Chinese site this year to avoid censorship rules in the world's biggest Internet market. The Beijing-based company, whose stock has more than doubled this year, last month started selling content including books as part of its "box computing" service to expand revenue beyond search.

"We believe box computing will indeed further strengthen Baidu's market position in China," Citigroup Inc. analyst Alicia Yap wrote in an Oct. 5 report. The technology will "increase revenue opportunities for Baidu," Yap wrote.

Baidu ADRs rose 2.5 percent in Nasdaq Stock Market trading before the earnings announcement. The stock has outperformed online rivals in China including Tencent Holdings Ltd., the country's biggest Internet company by market value, and Alibaba.com Ltd., the leading local e-commerce operator.

Fourth-Quarter Outlook

Revenue is expected to rise to 2.37 billion yuan to 2.44 billion yuan in the fourth-quarter, Baidu said. That compares with the 2.34 billion-yuan average of analysts' estimates compiled by Bloomberg.

The adoption of Baidu's Phoenix Nest advertising system boosted the company's sales, Li said in an interview in August. In December, Baidu introduced Phoenix Nest, a program designed to increase sales of online-search keywords to clients.

New applications such as e-books offered as part of the "box computing" platform will "eventually translate into financial benefits," Baidu Chief Financial Officer Jennifer Li said last month.

Baidu accounted for 72.8 percent of China's search-engine market by revenue in the third-quarter, rising from 71 percent in the previous three months, according to research company iResearch. Google's share dropped to 24.6 percent from 26.8 percent, iResearch said.

Google had been losing market share to Baidu since January, when the owner of the world's most-popular search engine said it was no longer willing to comply with Chinese government requirements for websites to self-censor content.

Google's Shift

The U.S. company in March shut its Chinese search service and redirected local users to its unfiltered Hong Kong site.

The change led to a shift in advertising spending to Baidu from Google, James Hawkins, managing director at DGM Asia, which buys advertising from Chinese Internet companies, said this month.

In July, China renewed Google's Internet license after the Mountain View, California-based company changed the arrangement used to point Internet traffic to the Hong Kong site. A month earlier, Google stopped automatically redirecting users to the Hong Kong site and put in place a so-called landing page that requires users to opt for the alternative service.

China had an estimated 420 million Internet users at the end of June, an increase of 36 million from six months earlier, according to data from the government-sponsored China Internet Network Information Center.