Xiaomi Corporation
Q2 2019 Results Announcement
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H1 2019
Total revenue RMB95.7 billion
YoY growth of 20.2%
Adjusted net profit¹ RMB5.7 billion
YoY growth of 49.8%

¹Adjusted net profit is defined as loss or profit for the period, as adjusted by adding back (i) fair value changes of convertible redeemable preferred shares, (ii) share-based compensation, (iii) net fair value gains on investments, and (iv) amortization of intangible assets resulting from acquisitions, and (v) changes of value of financial liabilities to fund partners.
Q2 2019

Total revenue RMB52.0 billion
YoY growth of 14.8%

Adjusted net profit\(^1\) RMB3.6 billion
YoY growth of 71.7%

\(^1\)Adjusted net profit is defined as loss or profit for the period, as adjusted by adding back (i) fair value changes of convertible redeemable preferred shares, (ii) share-based compensation, (iii) net fair value gains on investments, and (iv) amortization of intangible assets resulting from acquisitions, and (v) changes of value of financial liabilities to fund partners.
It took only 9 years for Xiaomi to debut on the Fortune Global 500 list

No.468
Xiaomi made the BrandZ™ 2019 Top 100 Most Valuable global brands ranking for the first time.

Rank No.74
Brand value US$19.8 billion
Xiaomi was listed as one of the 2019 Forbes China 50 Most Innovative Companies
Xiaomi’s achievements in H1 2019

**Strategy**
- The launch of “Smartphone + AloT” dual-engine strategy

**Smartphones**
- Successful separation of Xiaomi and Redmi brands; Mr. Lu Weibing joined Xiaomi as Group Vice President and Head of Redmi brand
- Ranked No.4 globally; No.1 in India for 8 consecutive quarters\(^1\); No.4 in Western Europe with YoY growth of 53.2%\(^2\)
- Mi MIX 3 5G was launched in various European countries and our second 5G smartphone model will be launched in mainland China in H2 2019

**AloT**
- 196 million connected IoT devices\(^3\); 49.9 million AI Assistant MAU\(^4\)
- No.1 in mainland China and No.5 globally by TV shipments\(^5\)
- Strong momentum in large home appliances

**Internet services**
- Increasing diversification of internet services revenue
- Youpin GMV reached RMB3.8 billion with YoY growth of 113.7%

**Financials**
- Total revenue RMB95.7 billion with YoY growth of 20.2%; adjusted net profit RMB5.7 billion with YoY growth of 49.8%
- Cash resources RMB51.1 billion as of June 30, 2019; operating cash flow RMB12.2 billion\(^6\)

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\(^1\)According to IDC, as of Q2 2018, by smartphone shipments
\(^2\)According to Canalys, as of Q2 2019, by smartphone shipments
\(^3\)As of June 30, 2019, excluding smartphones and laptops
\(^4\)In June 2019
\(^5\)According to AVC
\(^6\)Net cash generated from/(used in) operating activities excludes: (1) the increase in loan and interest receivables and impairment provision for loan receivables mainly resulting from the internet finance business; (2) the increase in trade payables resulting from the finance factoring business; and (3) the decrease in restricted cash resulting from the internet finance business; Net cash generated from/(used in) financing activities excludes the change of borrowings for the internet finance business.
Smartphones
Smartphone revenue reached RMB59.0 billion in H1 2019, representing a YoY growth of 9.8%.

Xiaomi sold ~60.0 million units of smartphones in H1 2019.
Successful separation of Xiaomi and Redmi brands

<table>
<thead>
<tr>
<th>Price Range</th>
<th>Xiaomi</th>
<th>Redmi</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Flagship</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMB3,000 and above</td>
<td>Mi 9</td>
<td>MIX 3 5G</td>
</tr>
<tr>
<td>RMB2,000-3,000</td>
<td>Mi 9 SE</td>
<td>Mi CC9 Meitu</td>
</tr>
<tr>
<td><strong>Mid-range</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMB1,500-2,000</td>
<td>Mi CC9</td>
<td>Redmi Note 7 Pro</td>
</tr>
<tr>
<td>RMB1,000-1,500</td>
<td>Mi CC9e</td>
<td>Redmi Note 7</td>
</tr>
<tr>
<td><strong>Entry level</strong></td>
<td>RMB1,000 and below</td>
<td>Redmi 7</td>
</tr>
</tbody>
</table>

- **Xiaomi** focuses on pioneering advanced technologies, establishing itself in the mid-to-high-end and diversified user markets, and building new retail channels.
- **Redmi** pursues the ultimate price-performance ratio and focuses on online channels.
Redmi brand well received by users who want ultimate price-to-performance ratio

Redmi Note 7/Note 7 Pro

Launched on January 10
Sales volume exceeded 20 million units¹

Redmi K20/K 20 Pro

Launched on May 28
Shipments reached 1 million units in the first month of launch

¹As of August 20, 2019
Xiaomi brand to pursue mid-to-high-end markets and target diversified user segments.
Xiaomi CC series was launched in Q2 2019

Be Myself. Be CC.
Continued ASP growth driven by upgraded brand strategy and optimized product portfolio

Revenue from smartphones over RMB2,000 reached 32% in Q2 2019\(^1\)

\(^1\) of total smartphone revenue, based on management accounts
5G to bring new growth opportunities to China smartphones

China smartphone shipments\(^1\)

1 million units

\(^1\)According to IDC
Our second 5G smartphone model will be launched in mainland China in H2 2019.

- **2016**: Established 5G pre-research team
- **2018**: Realized 5G NR Sub-6GHz signaling and data link connection
- **2019.2**: Launched Mi MIX 3 5G in Barcelona MWC
- **2019.5**: Mi MIX 3 5G(beta) has been delivered to China Mobile, China Unicom and China Telecom
Current focus on healthy operations to prepare for future growth

Smartphone gross margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019 Q1</th>
<th>2019 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>3.3%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

Operating cash flow\(^1\)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2019 Q1</th>
<th>2019 Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flow</td>
<td>-1.5</td>
<td>13.7</td>
</tr>
</tbody>
</table>

\(^1\)Operating cash flow excludes (1) the increase in loan and interest receivables and impairment provision for loan receivables mainly resulting from the internet finance business; (2) the increase in trade payables resulting from the finance factoring business; and (3) the decrease in restricted cash resulting from the internet finance business.
AIoT
IoT and lifestyle product revenue reached RMB27.0 billion in H1 2019, representing a YoY growth of 49.3%
Xiaomi’s IoT business is unique and highly strategic

1. Our IoT offering allows us to empower more ecosystem companies to fulfill our mission to build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology.

2. Complete product offering attracts customers to retail channels in a highly efficient manner.

3. Highly popular products are connected to form a unique consumer AIoT platform.

4. Diversified revenue and profit stream.
Smart TV shipments reached ~5.4 million units with YoY growth of 64.9% in H1 2019

Ranked No.1 by shipments in China and No.5 globally in H1 2019¹

No.1 smart TV brand in India for 5 consecutive quarters

¹According to AVC
Strong momentum in large home appliances

Mi Air Conditioner shipments reached ~1 million units in H1 2019
Mainland China laptop market share by shipments\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2018</td>
<td>5.5%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

\(^1\)According to IDC
No.1 in wearable device shipments in Q1 2019

Mi Smart Band 4 shipments exceeded 1 million units in 8 days since the launch on June 14, 2019
Leading global consumer IoT platform

~196 million
Connected devices¹
YoY growth of 69.5%

~3.0 million
Users with 5 and more
IoT devices on Xiaomi’s IoT platform¹
YoY growth 78.7%

¹As of June 30, 2019, excluding smartphones and laptops
AI speaker shipments exceeded 4.0 million units in H1 2019

49.9 million AI Assistant MAU\(^1\)

45% of AI speaker users use voice to control their IoT devices\(^2\)

\(^1\)In June 2019

\(^2\)Percentage of AI speaker MAUs who used voice to control their IoT devices at least once in June 2019
Internet Services
Internet service revenue reached RMB8.8 billion in H1 2019, representing a YoY growth of 22.9%.
Strong MIUI MAU growth

Mainland China MAU at 115m²

1In June as of respective years
2In June, 2019
Main revenue sources of internet services from China smartphone advertising

Selected apps with over 50 million MAU:

- App store (No.1 on our smartphones)¹
- Browser (No.1 on our smartphones)¹
- Security center (No.1 on our smartphones)¹
- Video (No.2 on our smartphones)¹
- Music (No.1 on our smartphones)¹

Internet services:

- News feed (No.1 on our smartphones)¹
- Search (No.1 on our smartphones)²
- AI assistant

¹In June, 2019, according to MAU on our smartphones in mainland China
²In June, 2019, according to the search query volumes on our smartphones in mainland China
News feed

Over 71 million MAU\(^1\) with YoY growth of 31%

Our news feed products ranked No.1 on our smartphones in terms of MAU

\(^1\)In June 2019
No.1 in search queries on our smartphones

Launcher search box

Browser

Negative one screen

AI Assistant
Gaming gross profit expansion driven by optimization of gaming distribution and higher revenue growth from content providers with high gross profit margin.

Gross margin:
- Q2 2018: 30.2%
- Q2 2019: 60.5%

Gaming gross profit (RMB million):
- Q2 2018: 212.5
- Q2 2019: 408.2

Growth rate: 92.1%
Increasing diversification of internet service revenue

~36% of internet service revenue was from internet services outside of advertising and gaming from China smartphones, with YoY growth of 108.8%
Youpin

RMB3.8 billion GMV in H1 2019 with YoY growth of 113.7%

65% of GMV in June 2019 was from non-Xiaomi smartphone users
Fintech

H1 2019 revenue RMB1.4 billion, with YoY growth of 79.1%
IoT services (TV)

22.6 million MAU¹; over 3 million paid subscribers²

Multiple memberships including video, sports, children and education

Successfully expanded our TV memberships to non-Xiaomi TVs

¹In June 2019, including both TV and TV box users
²As of June 30, 2019
Overseas internet services

Continue to build and strengthen our service offerings

Our browser ranked No.1 in our smartphones in India in terms of MAU¹

Overseas ARPU continued to grow rapidly with YoY growth of 133.0% in Q2 2019

¹In June 2019
Overseas
Overseas revenue continued to grow strongly with YoY growth of 33.8% in H1 2019, representing 40.4% of total revenue.
India’s No. 1 Smartphone Brand

8 consecutive quarters: Q3 2017 to Q2 2019
Q2 2019 market share: 31%

Source: IDC
Xiaomi ranked No.4 by smartphone shipments in Western Europe with 53.2% YoY growth in Q2 2019

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>2018 Q2 Market share</th>
<th>2019 Q2 Market share</th>
<th>Shipment YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Samsung</td>
<td>34.4%</td>
<td>42.8%</td>
<td>23.4%</td>
</tr>
<tr>
<td>#2</td>
<td>Apple</td>
<td>21.2%</td>
<td>18.4%</td>
<td>-14.0%</td>
</tr>
<tr>
<td>#3</td>
<td>Huawei</td>
<td>21.9%</td>
<td>16.6%</td>
<td>-24.9%</td>
</tr>
<tr>
<td>#4</td>
<td>Xiaomi</td>
<td>3.5%</td>
<td>5.5%</td>
<td>53.2%</td>
</tr>
</tbody>
</table>

Spain smartphone market share

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>2018 Q2 Market share</th>
<th>2019 Q2 Market share</th>
<th>Shipment YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Samsung</td>
<td>26.9%</td>
<td>38.8%</td>
<td>44.5%</td>
</tr>
<tr>
<td>#2</td>
<td>Huawei</td>
<td>26.8%</td>
<td>15.8%</td>
<td>-41.0%</td>
</tr>
<tr>
<td>#3</td>
<td>Xiaomi</td>
<td>13.3%</td>
<td>15.3%</td>
<td>15.7%</td>
</tr>
<tr>
<td>#4</td>
<td>Apple</td>
<td>10.5%</td>
<td>8.6%</td>
<td>-18.3%</td>
</tr>
</tbody>
</table>

Rank No.2 in open market in Spain

1According to Canalys
Financials
Gross margins by segment

Hardware gross margin\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q2 2018</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.4%</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

Internet service gross margin

<table>
<thead>
<tr>
<th></th>
<th>Q2 2018</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>62.8%</td>
<td>65.6%</td>
</tr>
</tbody>
</table>

\(^1\)Hardware gross margin is derived from the sum of gross profit from smartphones and IoT and lifestyle products divided by the sum of their respective revenue * 100%
Stable operating expense ratio due to continued operational efficiency

R&D expenses increased 30.0% YoY in H1 2019, outpacing revenue growth

Q2 2018: 8.8%
Q2 2019: 8.8%

1Q2 2018 excludes a one-off share-based compensation of RMB9.9 billion
Inventory turnover days decreased to **53** days in Q2 2019

<table>
<thead>
<tr>
<th>Working capital</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables turnover days</td>
<td>12</td>
</tr>
<tr>
<td>Inventory turnover days</td>
<td>53</td>
</tr>
<tr>
<td>Trade payables turnover days</td>
<td>85</td>
</tr>
<tr>
<td>Cash conversion cycle</td>
<td>(20)</td>
</tr>
</tbody>
</table>

**RMB13.7 billion operating cash flow in Q2 2019**

<table>
<thead>
<tr>
<th>RMB (in millions)</th>
<th>Q2 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash generated from/(used in) operating activities⁠¹</td>
<td>13,653</td>
</tr>
<tr>
<td>Net cash generated from/(used in) investing activities</td>
<td>(5,658)</td>
</tr>
<tr>
<td>Net cash generated from/(used in) financing activities⁠¹</td>
<td>(762)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>7,233</td>
</tr>
</tbody>
</table>

⁠¹Net cash generated from/(used in) operating activities excludes (1) the increase in loan and interest receivables and impairment provision for loan receivables mainly resulting from the internet finance business; (2) the increase in trade payables resulting from the finance factoring business; and (3) the decrease in restricted cash resulting from the internet finance business; Net cash generated from/(used in) financing activities excludes the change of borrowings for the internet finance business
Adequate cash and assets to prepare for future growth

Cash resources\(^1\)  
\(RMB51.1\) billion

+ 

Book value of investment portfolio\(^2\)  
\(RMB28.7\) billion

+ 

Book value of office and other real estate\(^3\)  
\(RMB9.6\) billion

- 

Financial debts  
\(RMB13.8\) billion

\(RMB75.6\) billion

\(^1\)Include cash and cash equivalent, restricted cash, short-term bank deposits and short-term investments measured at fair value through profit or loss  
\(^2\)Include investment accounted for using the equity method and long-term investments measured at fair value through profit or loss  
\(^3\)Book value at cost
Expanded our investment into supply chain

Invested in 12 supply chain companies¹

3 companies already listed on the STAR market¹:

- ESPRESSIF (IoT IC)
- FB (Advanced electronic materials)
- @mlogic (TV SoC)

Large investment portfolio

270+
Xiaomi had invested in over 270 companies as of Q2 2019

RMB28.7 billion
Investment book value² as of Q2 2019
YoY growth of 20.8%

¹As of August 20, 2019
²Include investment accounted for using the equity method and long-term investments measured at fair value through profit or loss