



# Xiaomi Corporation

Q2 2019 Results Announcement

# Disclaimer



By attending the meeting where this presentation is made, or by reading the presentation materials, you agree to be bound by the following limitations:

The information in this presentation has been prepared by representatives of Xiaomi Corporation (the “Company”, and together with its subsidiaries, the "Group") for use in presentations by the Group and does not constitute a recommendation regarding the securities of the Group. No part of this presentation should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever.

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained herein. Neither the Company nor any of the Company's subsidiaries, affiliates, advisors or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially.

This presentation is based on the economic, regulatory, market and other conditions in effect on the date hereof. It should be understood that subsequent developments may affect the information contained in this presentation, which neither the Company nor its subsidiaries, affiliates, advisors or representatives are under an obligation to update, revise or affirm.

The information communicated in this presentation may contain certain statements that are or may be forward looking. These statements typically contain words such as "will", "may", "expects", "forecasts", "plans" and "anticipates" and words of similar import. By their nature forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There may be additional material risks that are currently not considered to be material or of which the Company and its advisors or representatives are unaware. Against the background of these uncertainties, readers should not rely on these forward-looking statements. Neither the Company nor its subsidiaries, affiliates, advisors or representatives assume any responsibility to update forward-looking statements or to adapt them to future events or developments.

This presentation and the information contained herein does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities of the Company or any of its subsidiaries or affiliates in any jurisdiction. The securities of the Company have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold or delivered within the United States or to U.S. persons absent from registration under or an applicable exemption from the registration requirements of the United States securities laws.

In addition, certain information related to other companies and market in general presented in this presentation has been obtained from publicly available information. The accuracy and appropriateness of that information has not been verified by the Company and cannot be guaranteed.

No invitation is made by this presentation or the information contained herein to enter into, or offer to enter into, any agreement to purchase, acquire, dispose of, subscribe for or underwrite any securities or structured products, and no offer is made of any shares in or debentures of a company for purchase or subscription except as permitted under relevant laws.

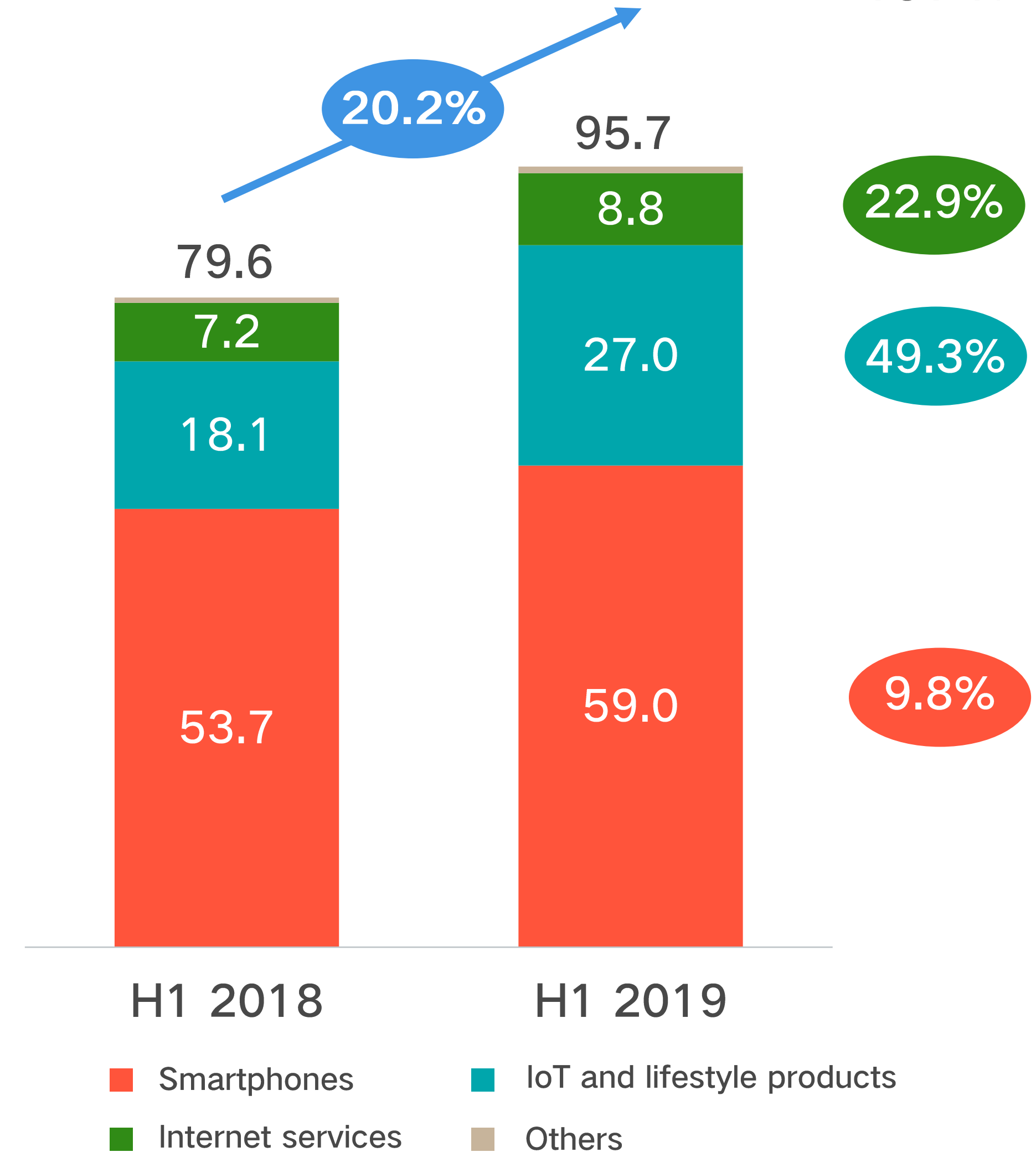
# H1 2019

Total revenue RMB95.7 billion  
YoY growth of **20.2%**

Adjusted net profit<sup>1</sup> RMB5.7 billion  
YoY growth of **49.8%**

Revenue  
RMB billion

YoY %



<sup>1</sup>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.

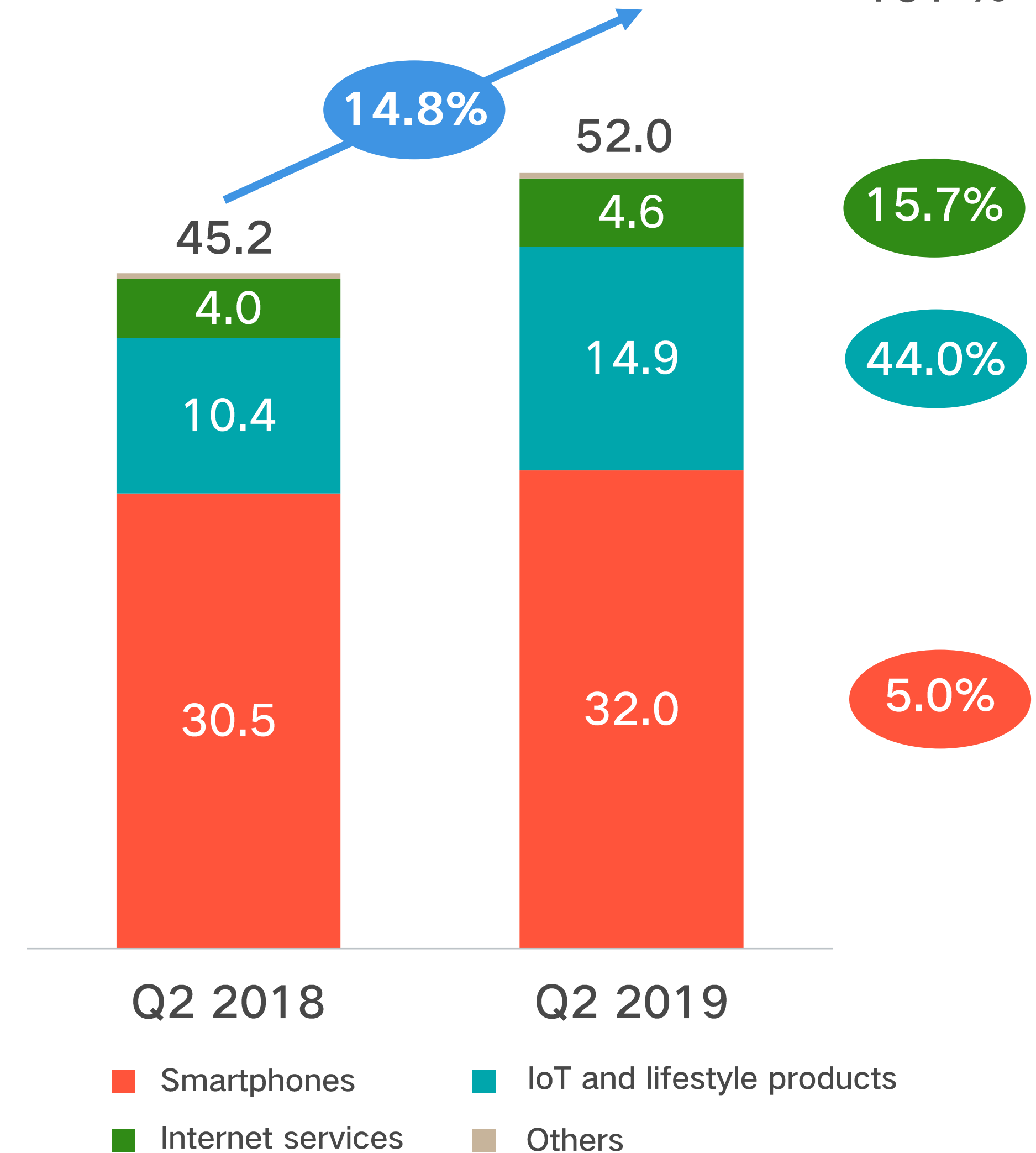
## Q2 2019

Total revenue RMB52.0 billion  
YoY growth of **14.8%**

Adjusted net profit<sup>1</sup> RMB3.6 billion  
YoY growth of **71.7%**

Revenue  
RMB billion

YoY %



<sup>1</sup>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.



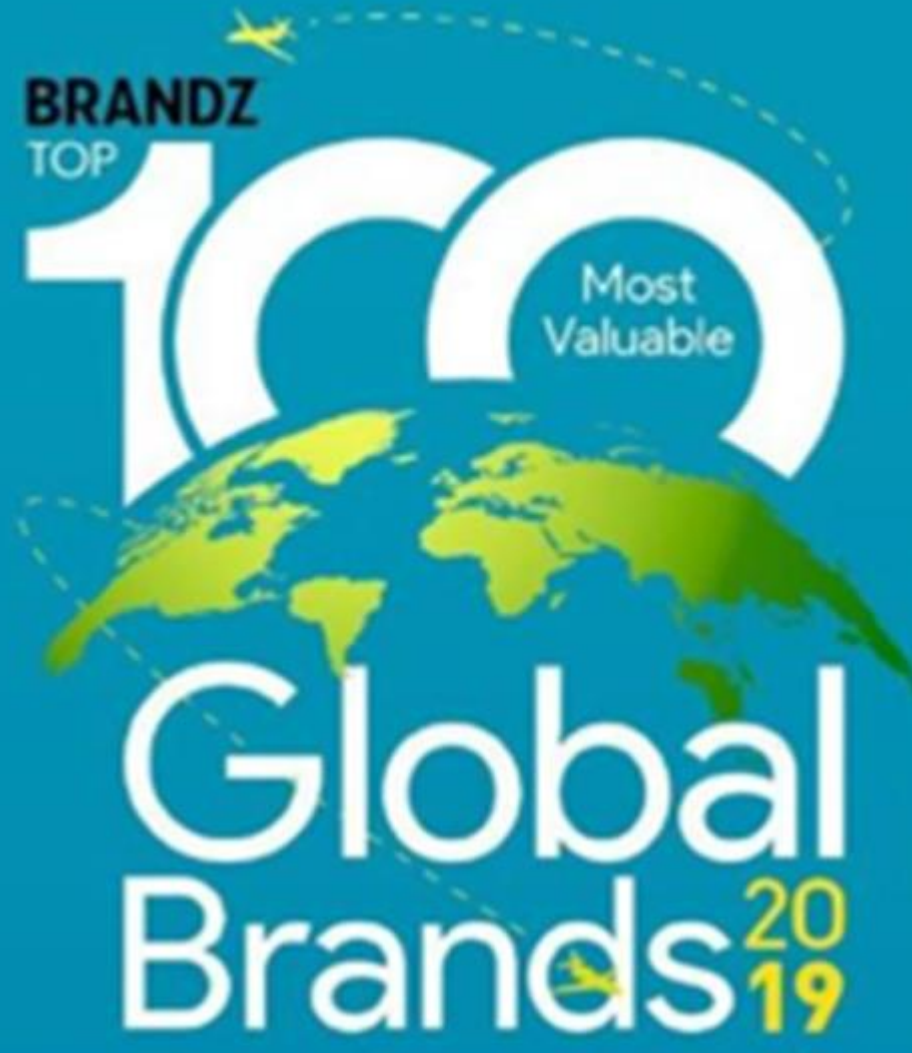


**9 YEARS TO THE 500**  
**YOUNG AND PASSIONATE**

Xiaomi makes the 2019 Fortune Global 500 list

It took only **9** years for Xiaomi  
to debut on the Fortune  
Global 500 list

**No.468**



最具价值全球品牌100强  
BrandZ™ 2019 Top 100 Most Valuable



品牌价值  
**198亿**美元  
排名74位



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 + AIoT” 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<sup>1</sup>; **No.4** in Western Europe with YoY growth of **53.2%**<sup>2</sup>
- 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

## AIoT

- **196** million connected IoT devices<sup>3</sup>; **49.9** million AI Assistant MAU<sup>4</sup>
- **No.1** in mainland China and **No.5** globally by TV shipments<sup>5</sup>
- Strong momentum in large home appliances

## Internet services

- Increasing diversification of internet services revenue
- Youpin GMV reached RMB**3.8** billion with YoY growth of **113.7%**

## Financials

- Total revenue RMB**95.7** billion with YoY growth of **20.2%**; adjusted net profit RMB**5.7** billion with YoY growth of **49.8%**
- Cash resources RMB**51.1** billion as of June 30, 2019; operating cash flow RMB**12.2** billion<sup>6</sup>

<sup>1</sup>According to IDC, as of Q2 2019, by smartphone shipments

<sup>2</sup>According to Canalys, as of Q2 2019, by smartphone shipments

<sup>3</sup>As of June 30, 2019, excluding smartphones and laptops

<sup>4</sup>In June 2019

<sup>5</sup>According to AVC

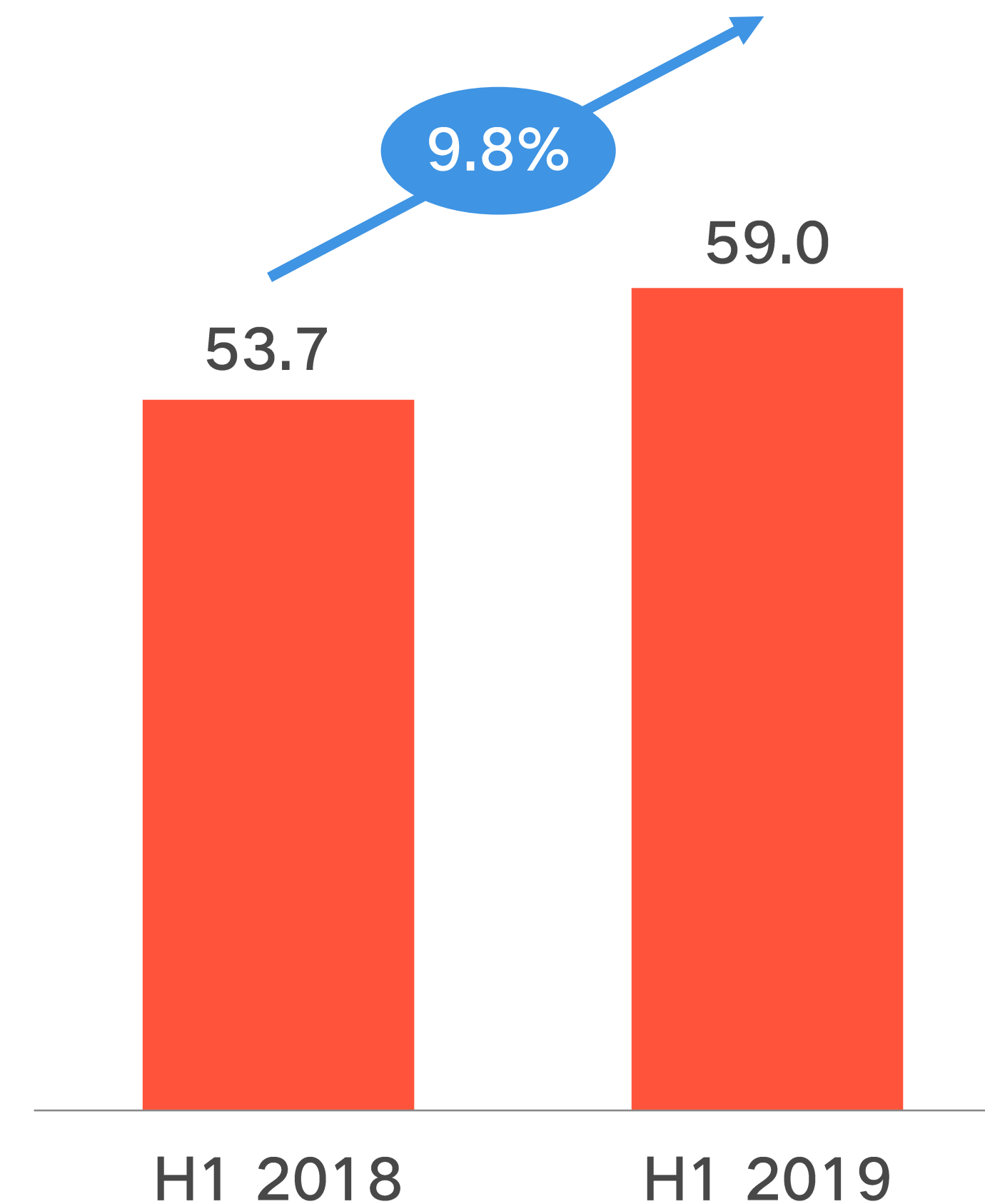
<sup>6</sup>Net cash generated from/(used in) operating activities excludes (1) the increase in loan and interest receivables and impairment provision for loan receivables mainly resulting from the internet finance business; (2) the increase in trade payables resulting from the finance factoring business; 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

Smartphone revenue  
RMB billion





# Successful separation of Xiaomi and Redmi brands



Focus on pioneering advanced technologies, establishing itself in the mid-to-high-end and diversified user markets, and building new retail channels



Pursue the ultimate price-performance ratio and focus on online channels

## Flagship

RMB3,000 and above



Mi 9



MIX 3  
5G

RMB2,000-3,000



Mi 9 SE



Mi CC9  
Meitu



Redmi K20/K20 Pro

## Mid-range

RMB1,500-2,000



Mi CC9



Redmi Note 7 Pro

RMB1,000-1,500



Mi CC9e



Redmi Note 7

## Entry level

RMB1,000 and below



Redmi 7

# 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 units<sup>1</sup>

<sup>1</sup>As of August 20, 2019

Redmi K20/K 20 Pro



Launched on May 28

Shipments reached **1** million units  
in the first month of launch

# Xiaomi brand to pursue mid-to-high-end markets and target diversified user segments





Xiaomi CC series was  
launched in Q2 2019



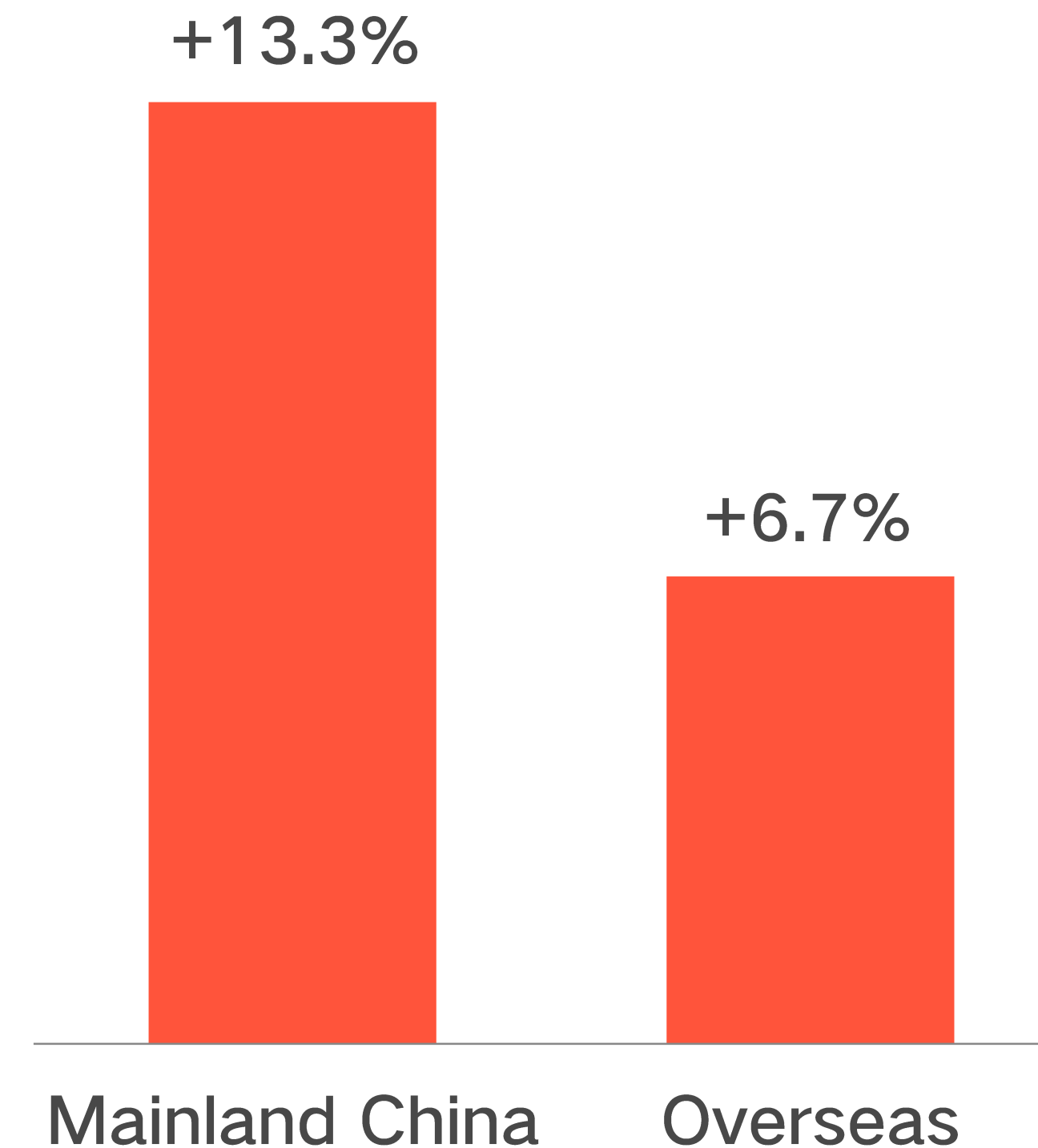
The logo for the Xiaomi CC9 series features three characters: a 'C' with a blue-to-teal gradient, a second 'C' with a rainbow gradient, and a '9' in a solid dark grey. The characters are large and bold, set against a white background.

Be Myself. Be CC.

ASP YoY growth in Q2 2019

Continued ASP growth driven by upgraded brand strategy and optimized product portfolio

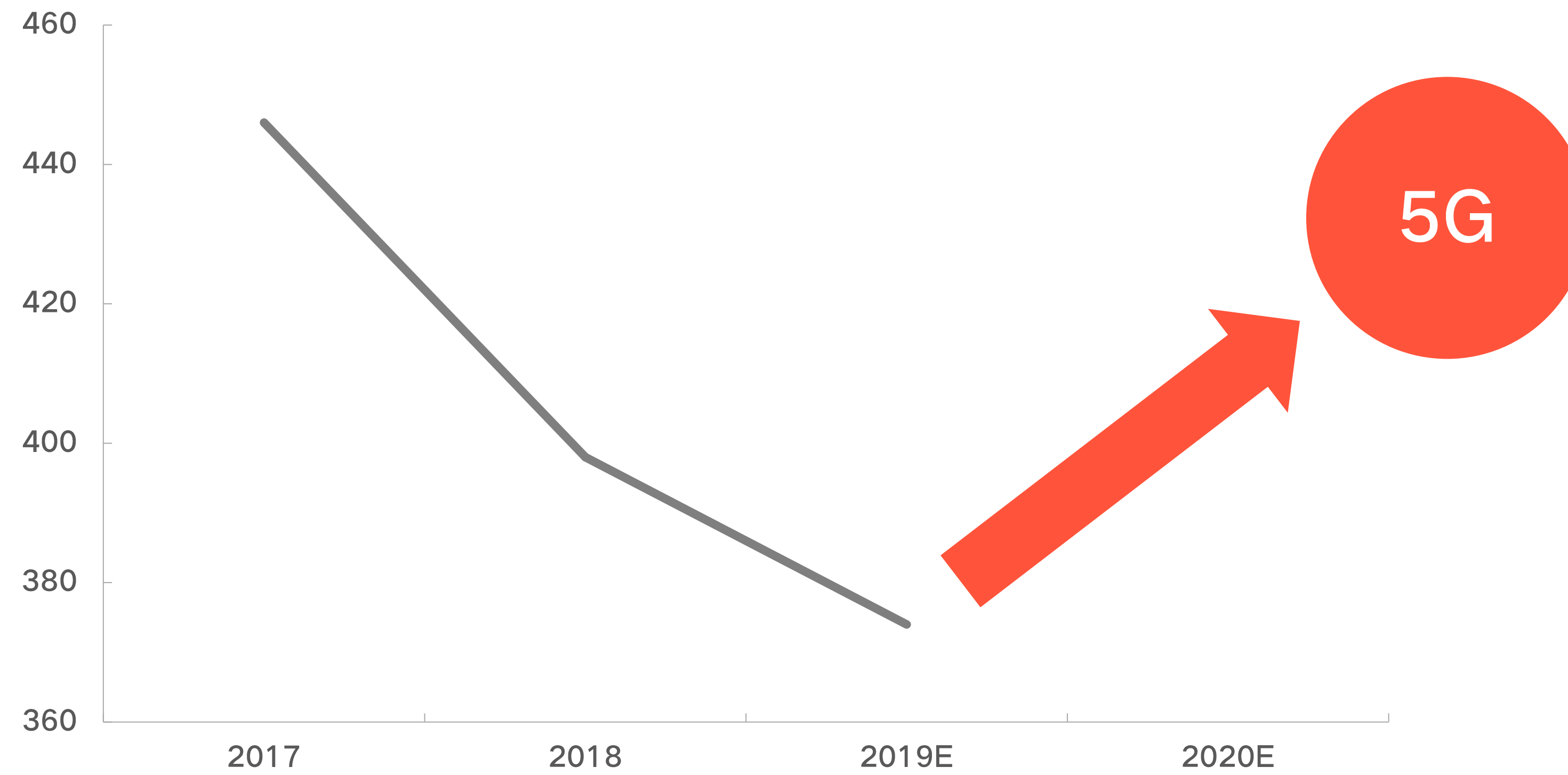
Revenue from smartphones over RMB2,000 reached **32%** in Q2 2019<sup>1</sup>



<sup>1</sup>% of total smartphone revenue, based on management accounts

# 5G to bring new growth opportunities to China smartphones

China smartphone shipments<sup>1</sup>  
million units



<sup>1</sup>According to IDC





2016

2018

2019.2

2019.5



Established 5G pre-research team

Realized 5G NR Sub-6GHz signaling and data link connection

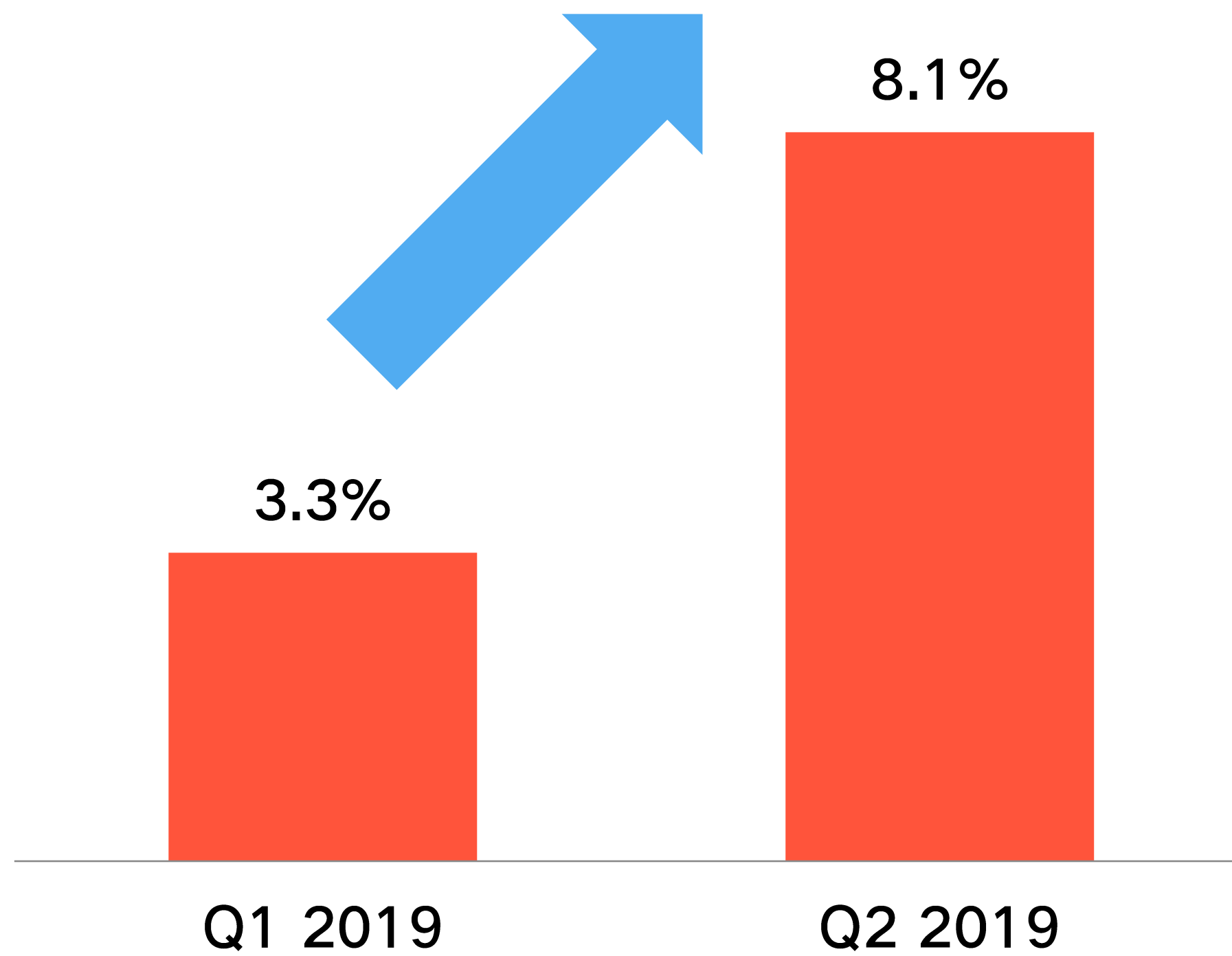
Launched Mi MIX 3 5G in Barcelona MWC

Mi MIX 3 5G(beta) has been delivered to China Mobile, China Unicom and China Telecom

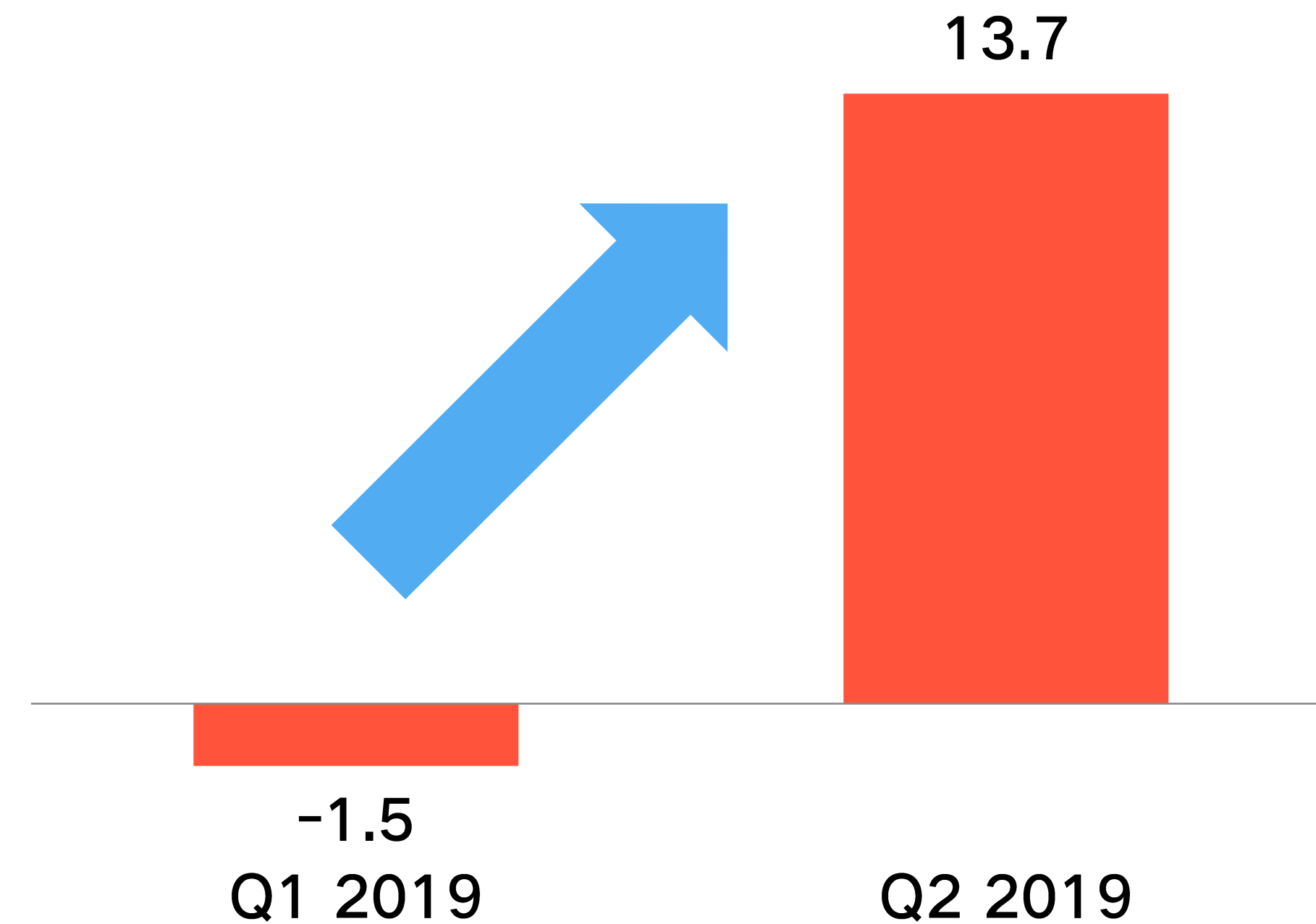
Our second 5G smartphone model will be launched in mainland China in H2 2019

# Current focus on healthy operations to prepare for future growth

Smartphone gross margin



Operating cash flow<sup>1</sup>  
RMB billion

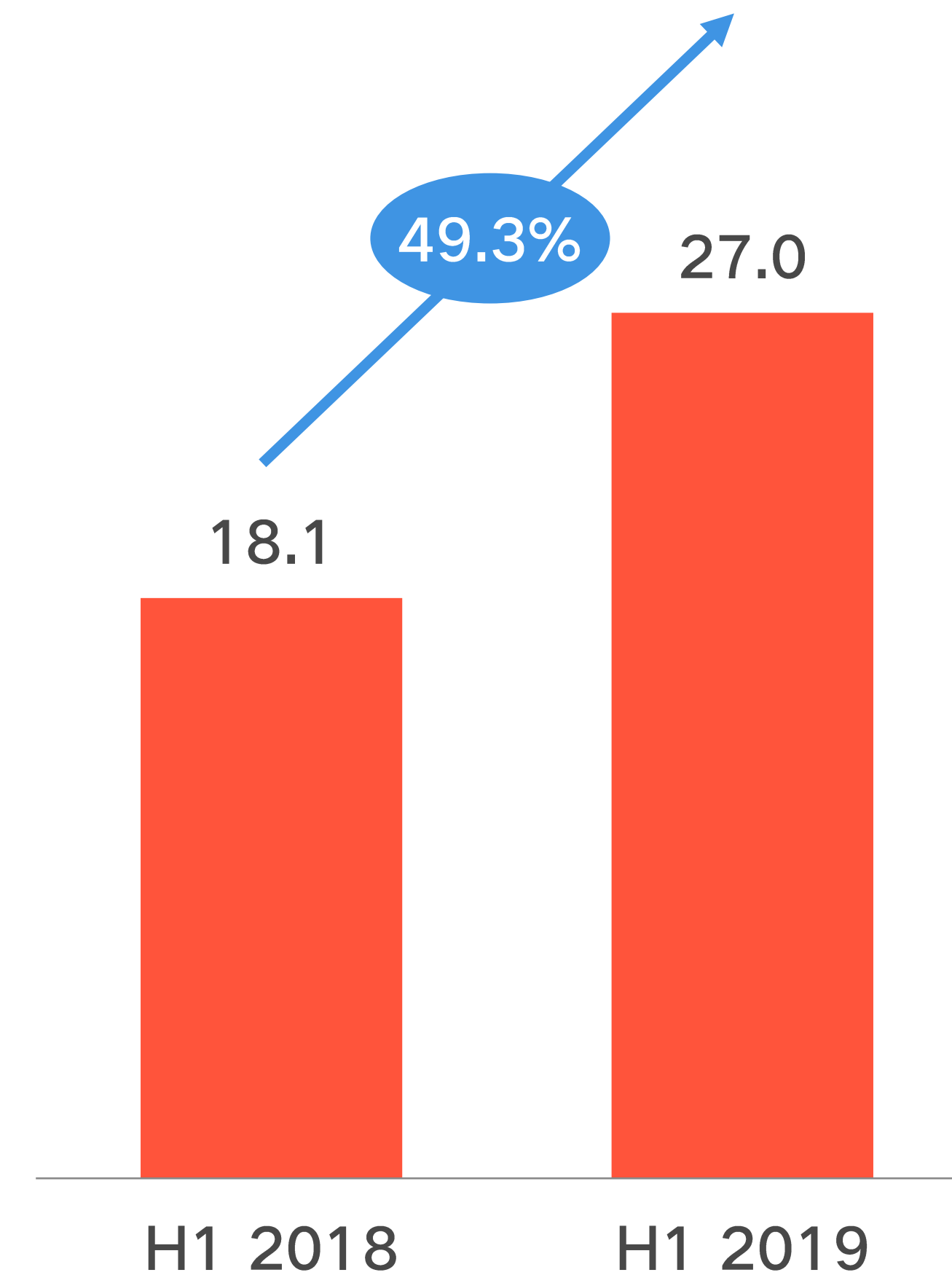


<sup>1</sup>Operating cash flow excludes (1) the increase in loan and interest receivables and impairment provision for loan receivables mainly resulting from the internet finance business; (2) the increase in trade payables resulting from the finance factoring business; and (3) the decrease in restricted 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%**

IoT and lifestyle product revenue  
RMB billion



# Xiaomi's IoT business is unique and highly strategic

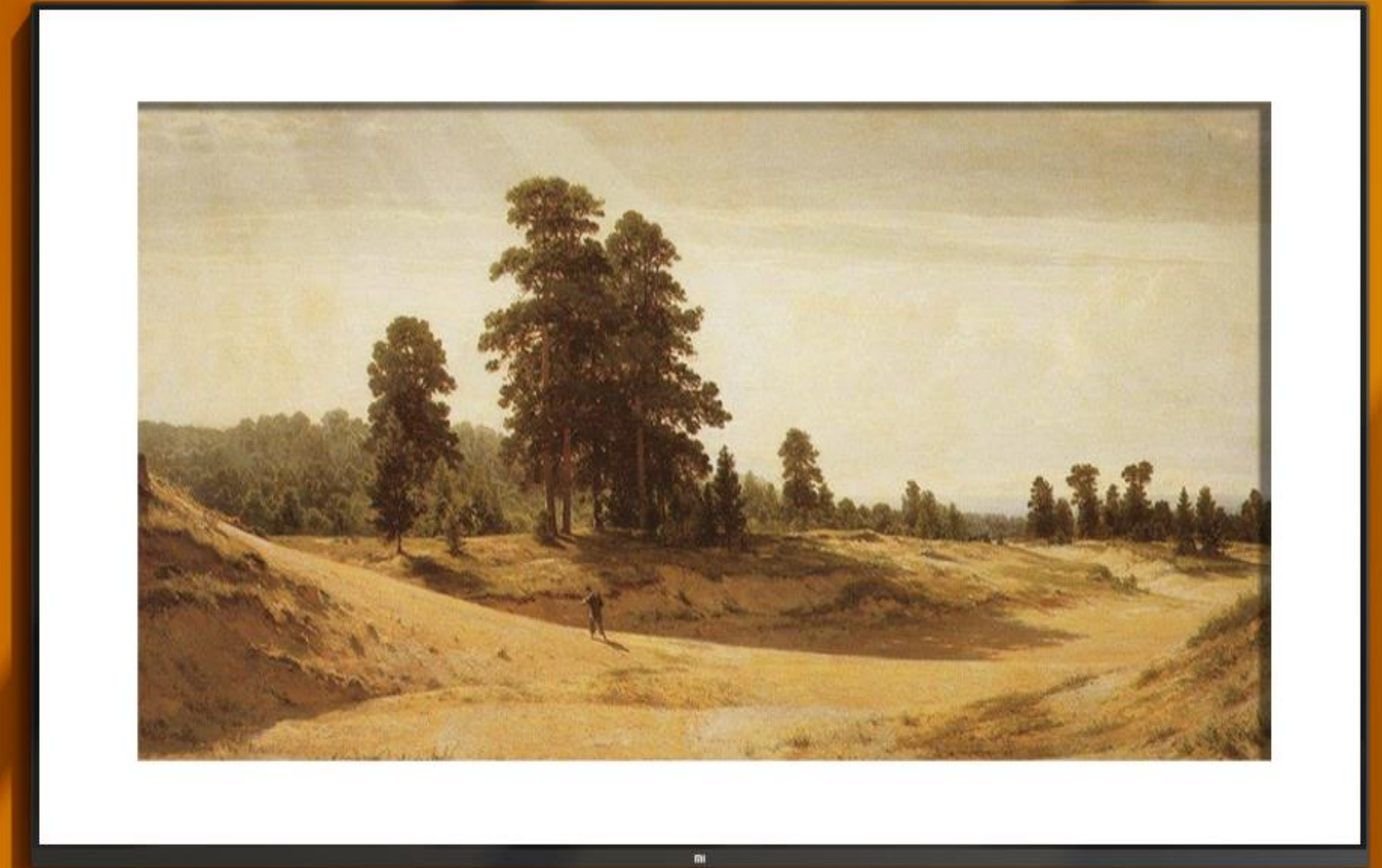




Smart TV shipments reached  
~**5.4** million units with YoY  
growth of **64.9%** in H1 2019

Ranked **No.1** by shipments in  
China and **No.5** globally in H1  
2019<sup>1</sup>

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





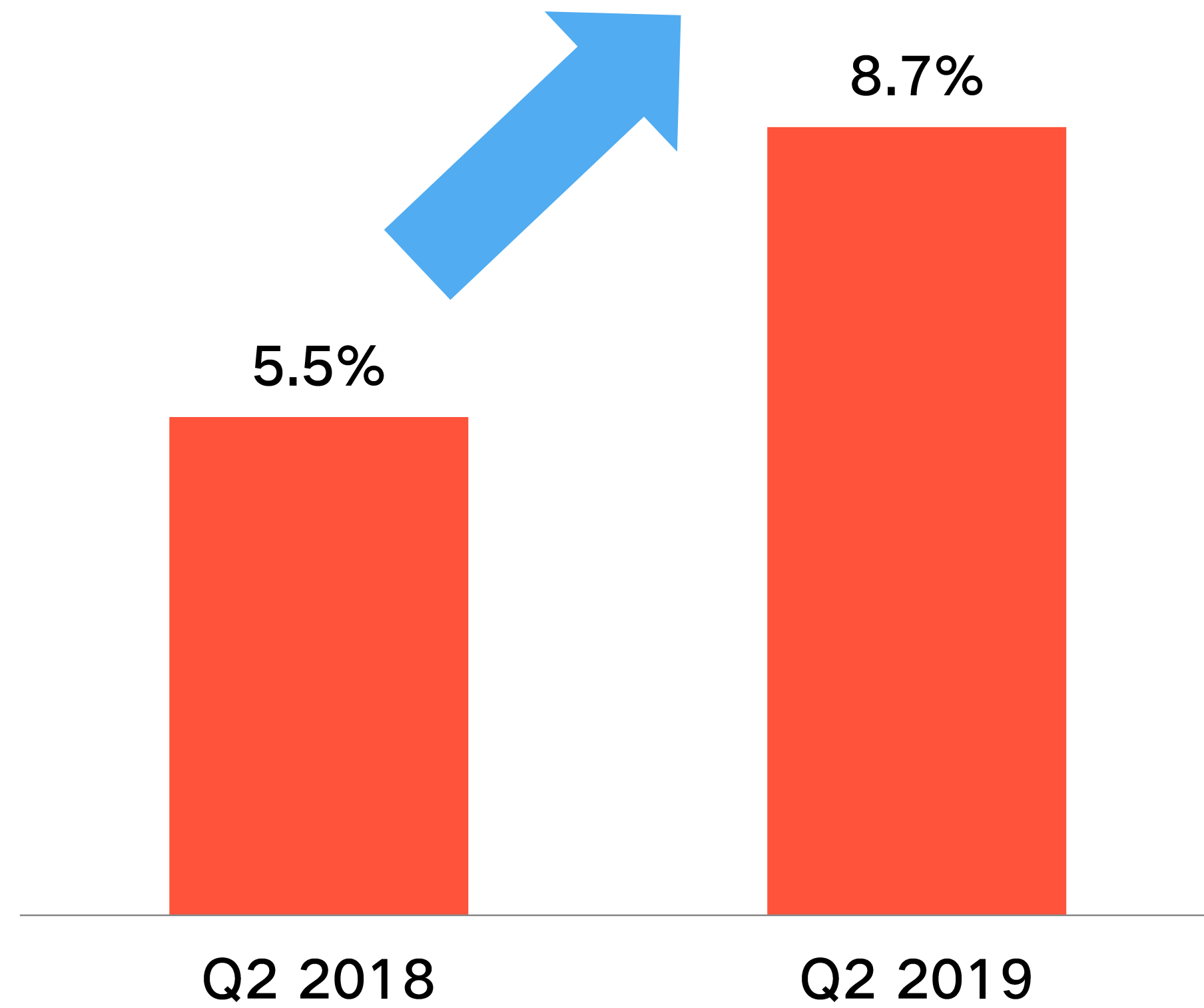
Strong momentum in large home appliances

Mi Air Conditioner shipments reached ~1 million units in H1 2019





# Mainland China laptop market share by shipments<sup>1</sup>



<sup>1</sup>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 devices<sup>1</sup>  
YoY growth of 69.5%

**~3.0 million**

Users with 5 and more  
IoT devices on Xiaomi's IoT platform<sup>1</sup>  
YoY growth 78.7%

<sup>1</sup>As 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<sup>1</sup>

**45%** of AI speaker users use  
voice to control their IoT devices<sup>2</sup>



<sup>1</sup>In June 2019

<sup>2</sup>Percentage of AI speaker MAUs who used voice to control their IoT devices at least once in June 2019

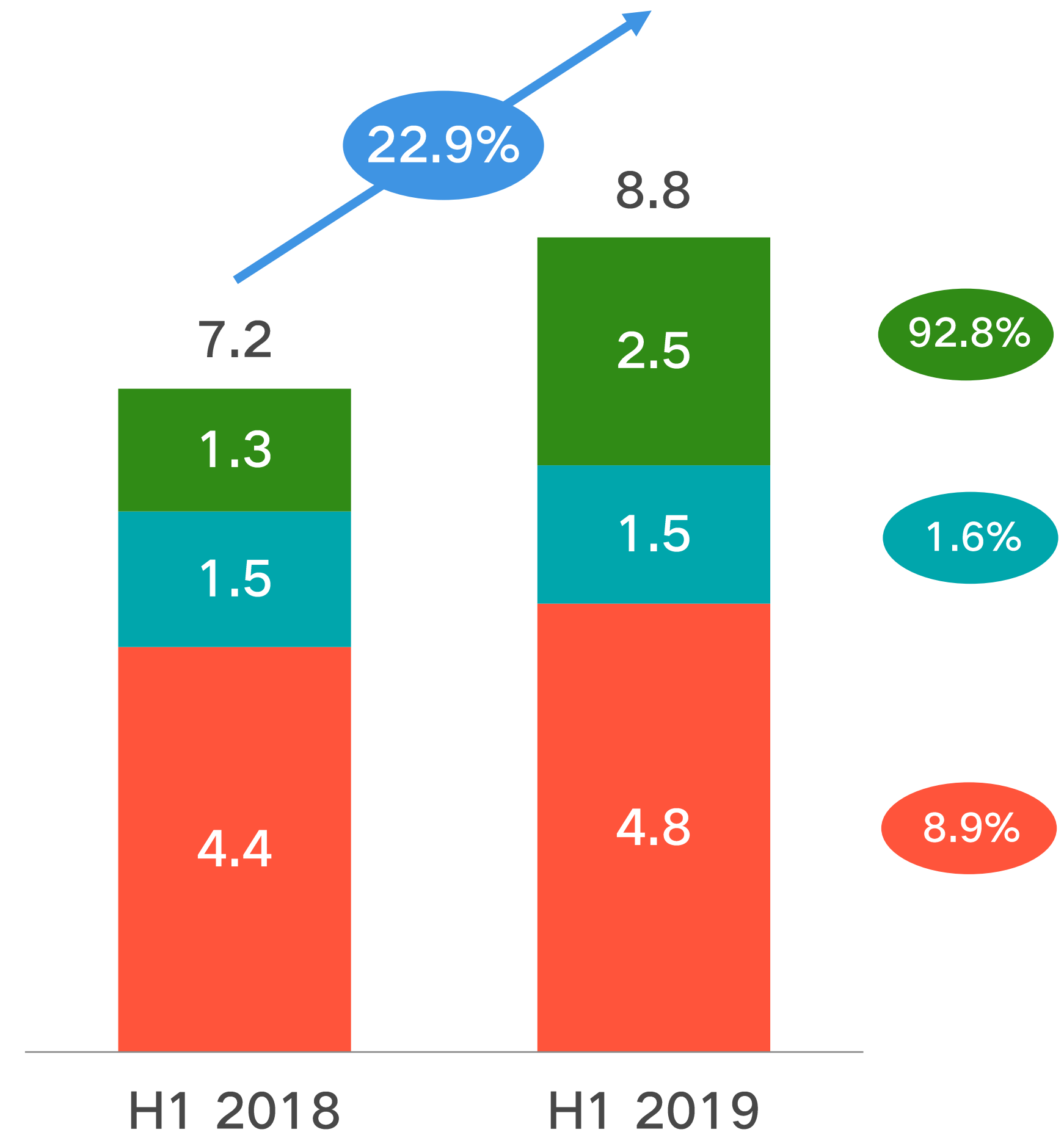
# Internet Services



Internet service revenue  
RMB billion

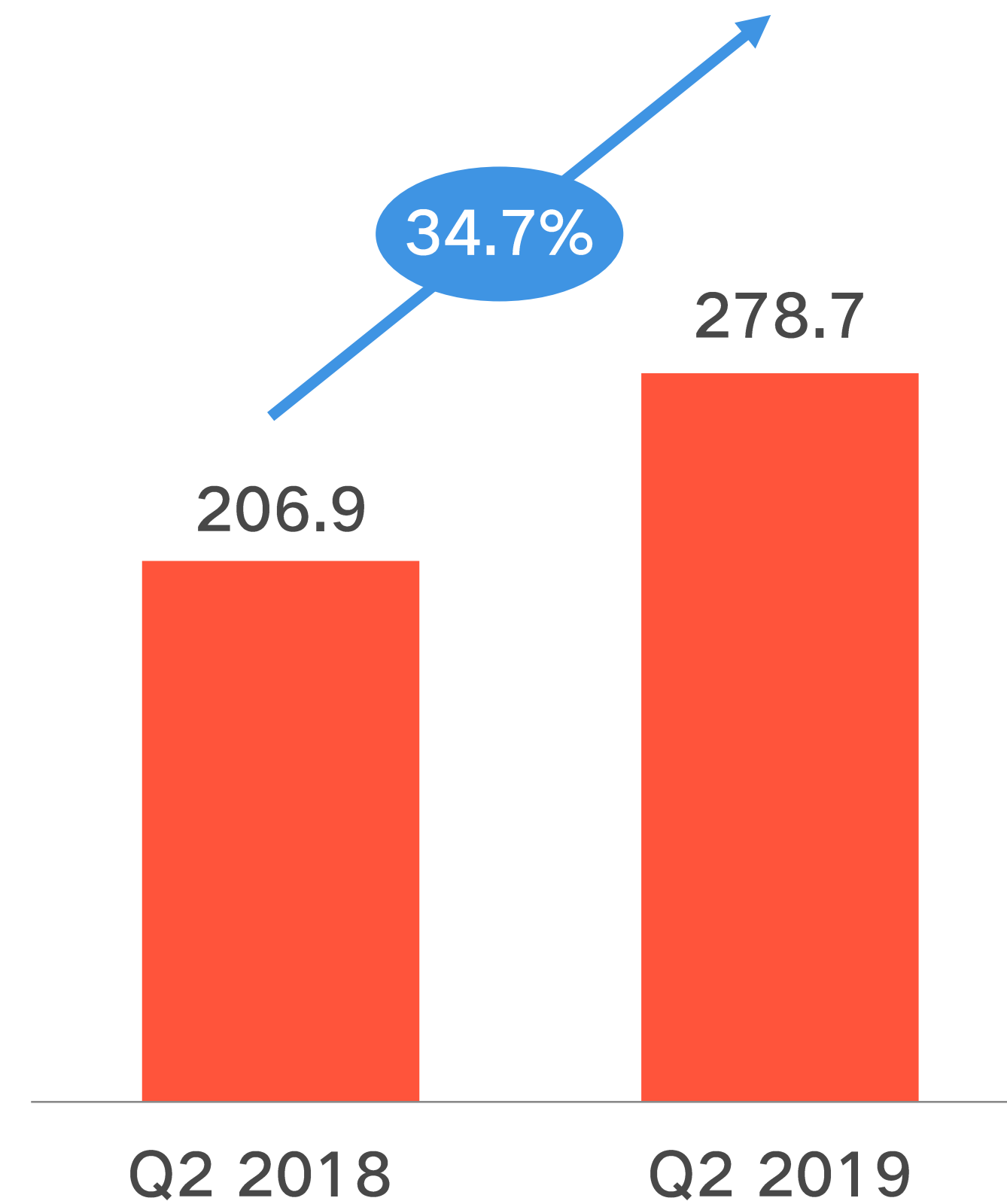
YoY %

Internet service revenue reached RMB8.8 billion in H1 2019, representing a YoY growth of **22.9%**



■ Advertising ■ Online games ■ Other internet value-added services

MIUI MAU<sup>1</sup>  
(in millions)



Strong MIUI MAU growth

Mainland China MAU at **115m<sup>2</sup>**

<sup>1</sup>In June as of respective years

<sup>2</sup>In 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)<sup>1</sup>



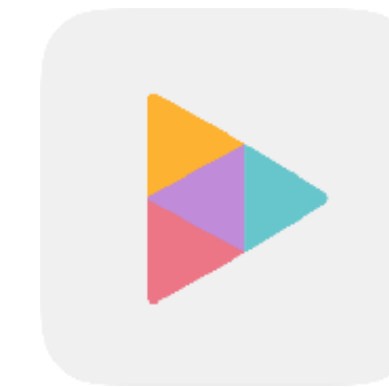
Browser

(No.1 on our smartphones)<sup>1</sup>



Security center

(No.1 on our smartphones)<sup>1</sup>



Video

(No.2 on our smartphones)<sup>1</sup>



Music

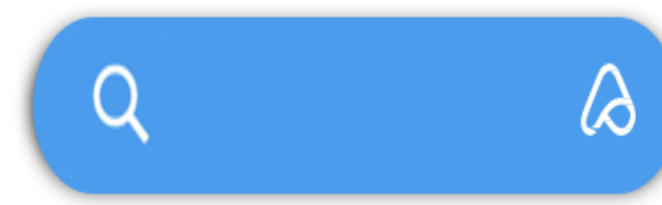
(No.1 on our smartphones)<sup>1</sup>

Internet services:



News feed

(No.1 on our smartphones)<sup>1</sup>



Search

(No.1 on our smartphones)<sup>2</sup>



AI assistant

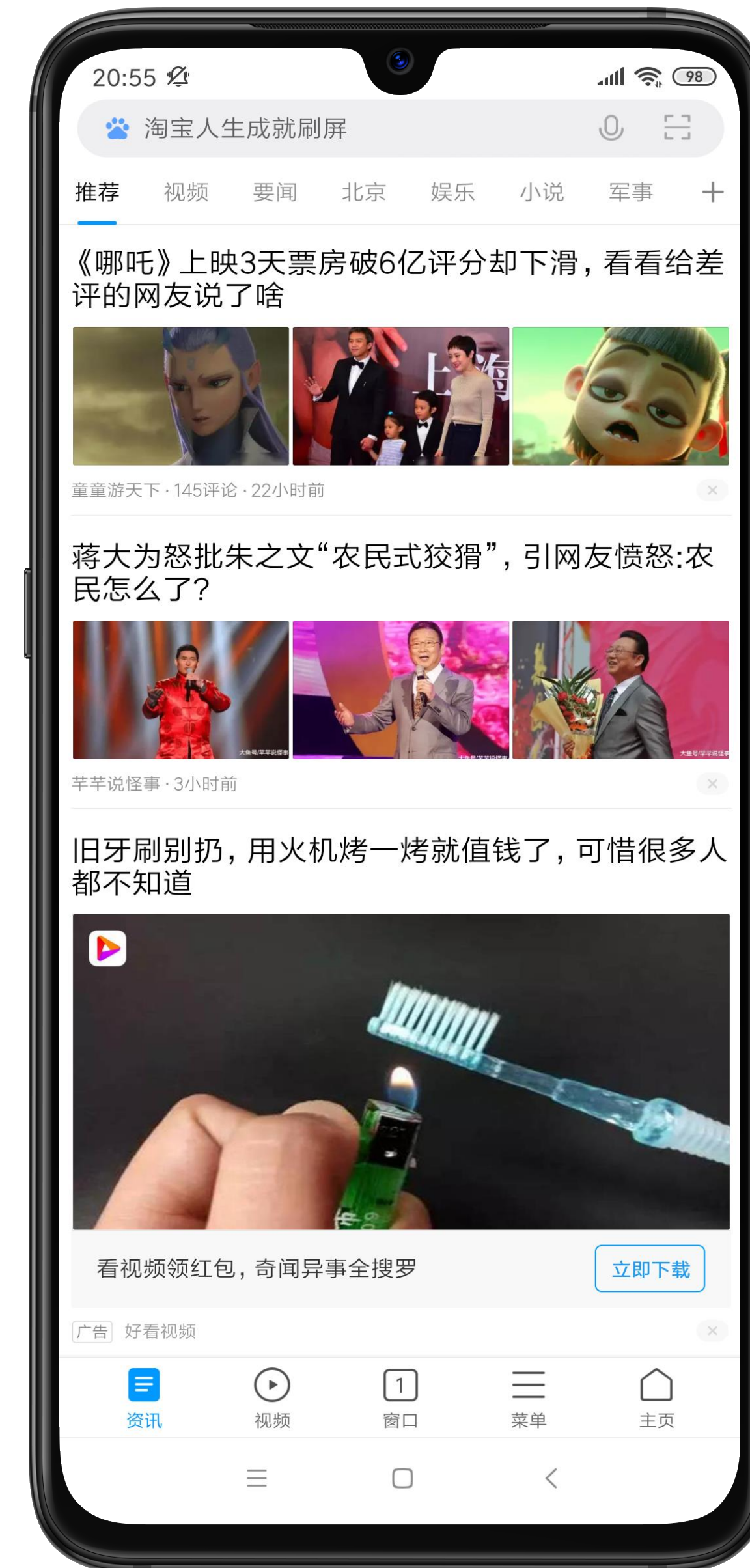
<sup>1</sup>In June, 2019, according to MAU on our smartphones in mainland China

<sup>2</sup>In June, 2019, according to the search query volumes on our smartphones in mainland China

## News feed

Over **71** million MAU<sup>1</sup>  
with YoY growth of **31%**

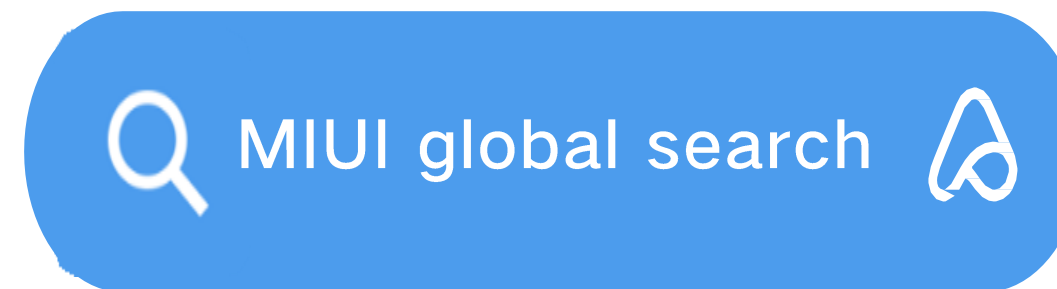
Our news feed products  
ranked **No.1** on our  
smartphones in terms of MAU



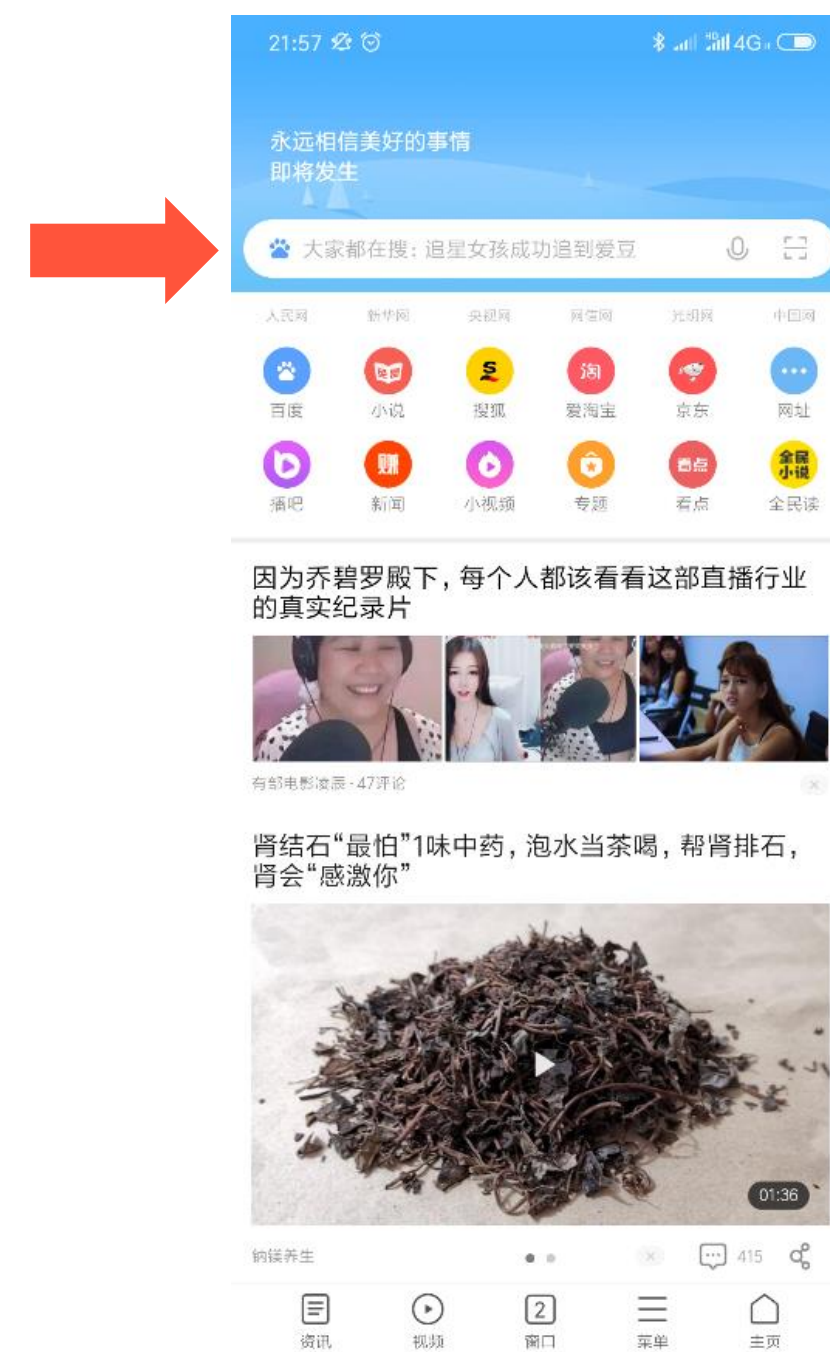
<sup>1</sup>In June 2019



# No.1 in search queries on our smartphones



Launcher search box



Browser



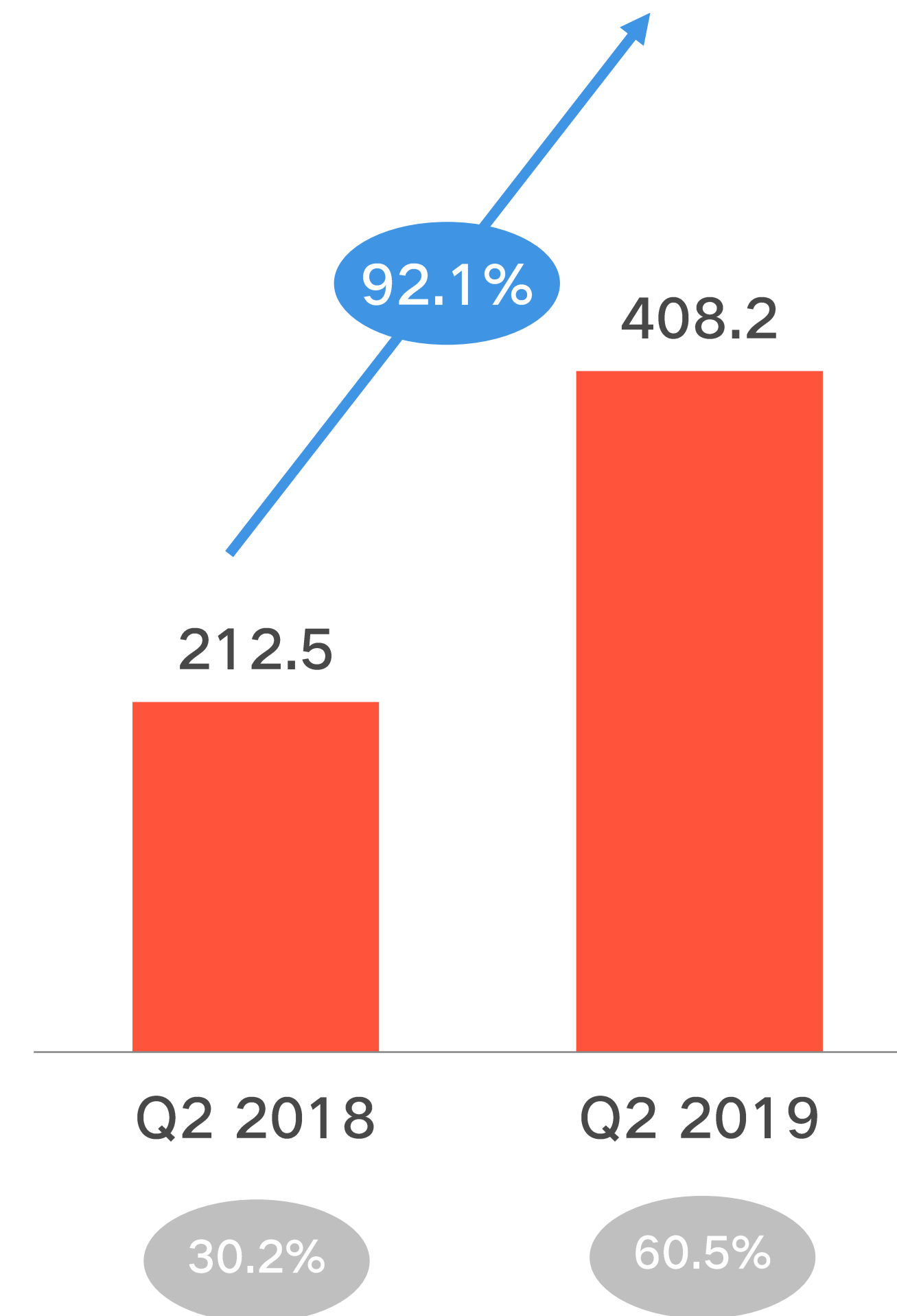
Negative one screen



AI Assistant

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

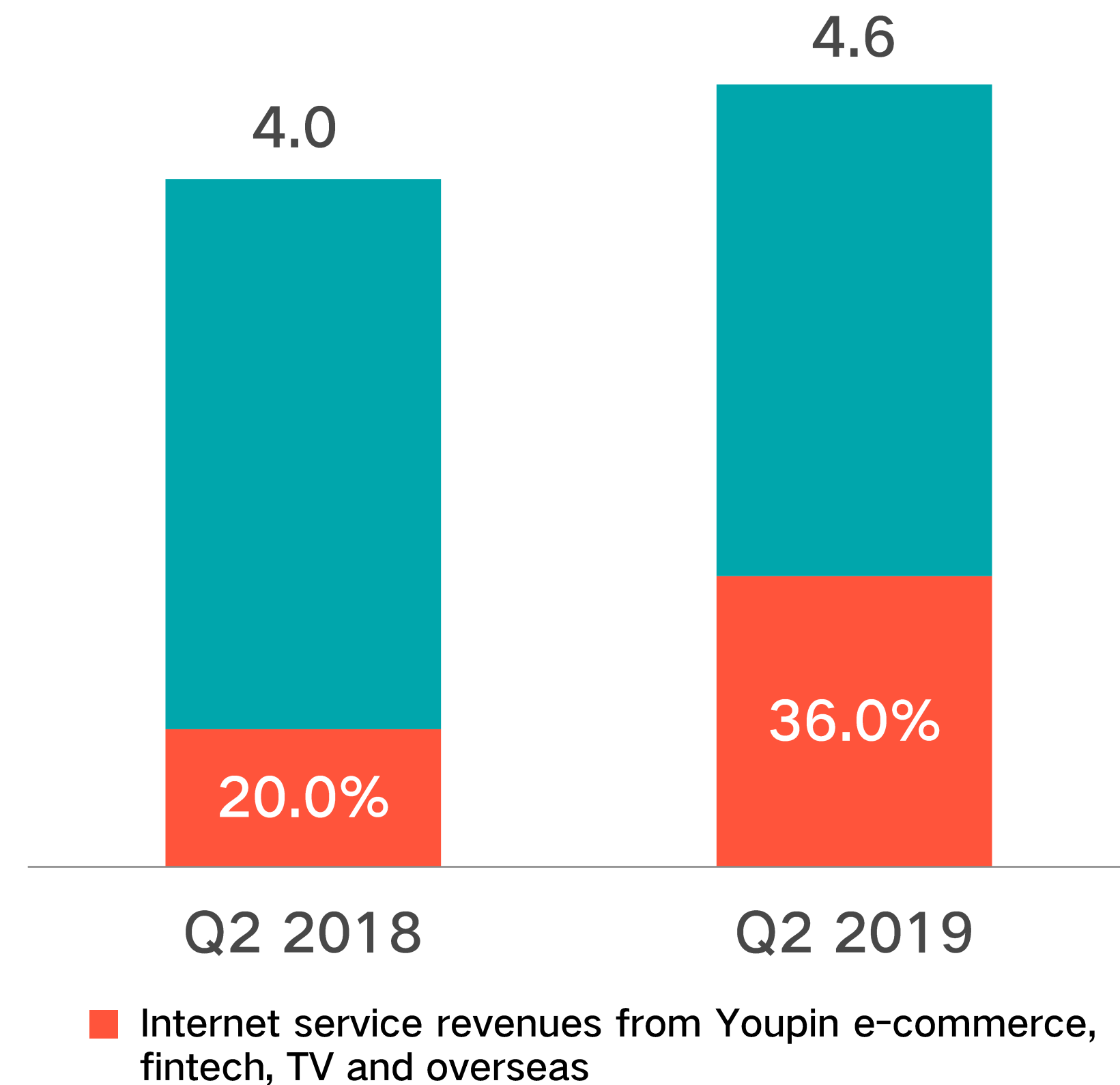
Gaming gross profit  
RMB million



## 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%**

Internet service revenue  
RMB billion





# Youpin

RMB**3.8** billion GMV in H1 2019  
with YoY growth of **113.7%**

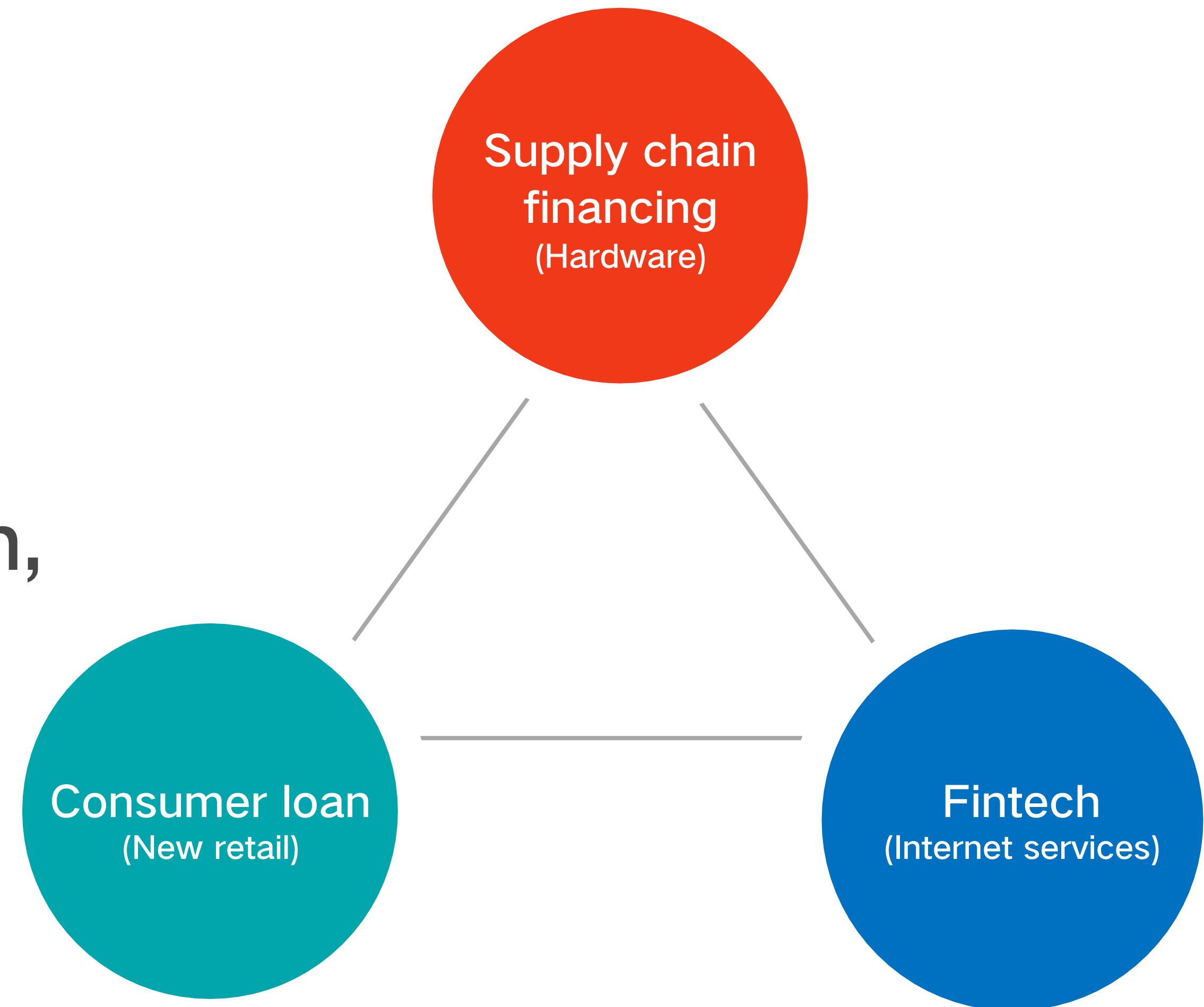
**65%** of GMV in June 2019 was  
from non-Xiaomi smartphone  
users





## Fintech

H1 2019 revenue RMB**1.4** billion,  
with YoY growth of **79.1%**



## IoT services (TV)

**22.6** million MAU<sup>1</sup>; over **3** million paid subscribers<sup>2</sup>

Multiple memberships including video, sports, children and education

Successfully expanded our TV memberships to non-Xiaomi TVs



<sup>1</sup>In June 2019, including both TV and TV box users

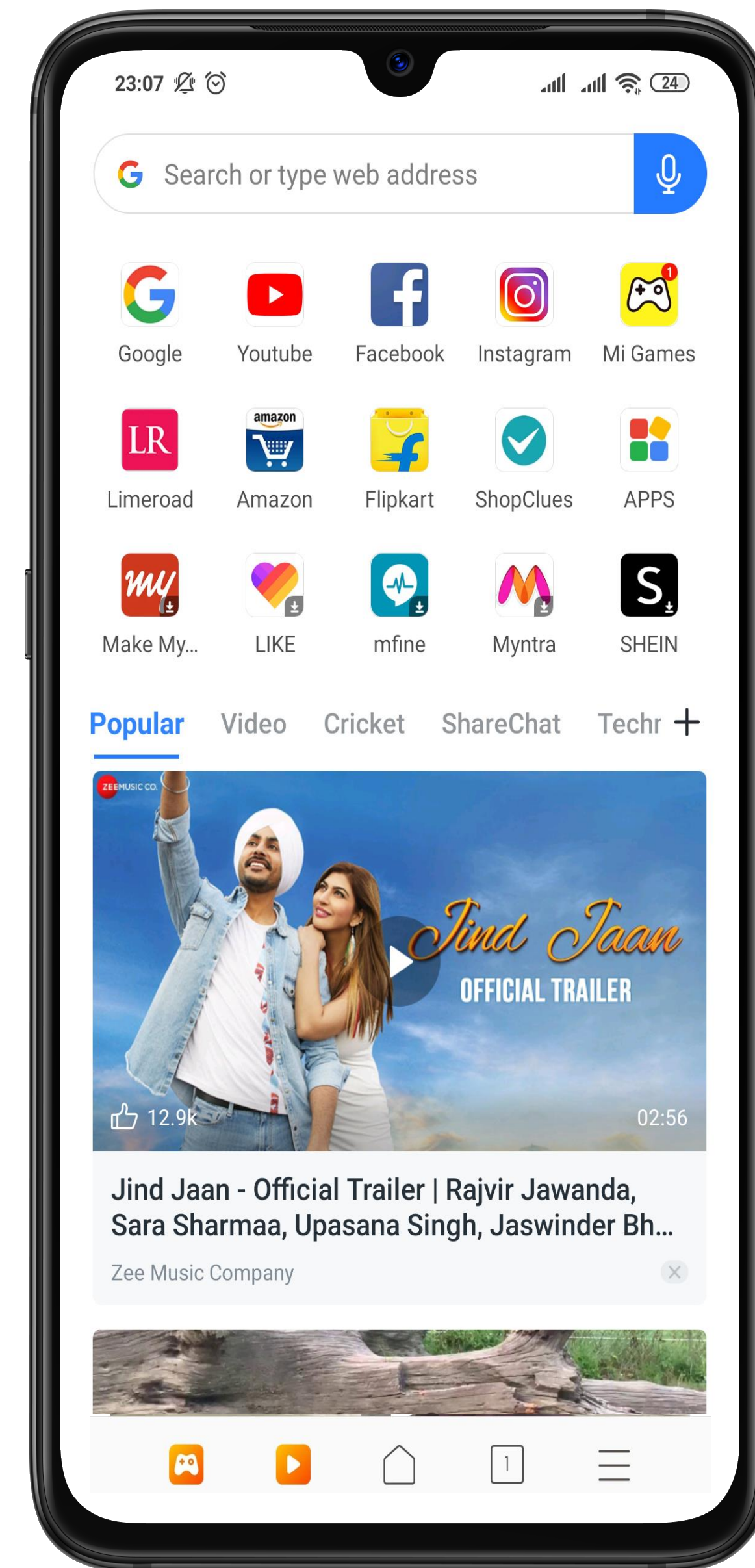
<sup>2</sup>As of June 30, 2019

## Overseas internet services

Continue to build and strengthen our service offerings

Our browser ranked **No.1** in our smartphones in India in terms of MAU<sup>1</sup>

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

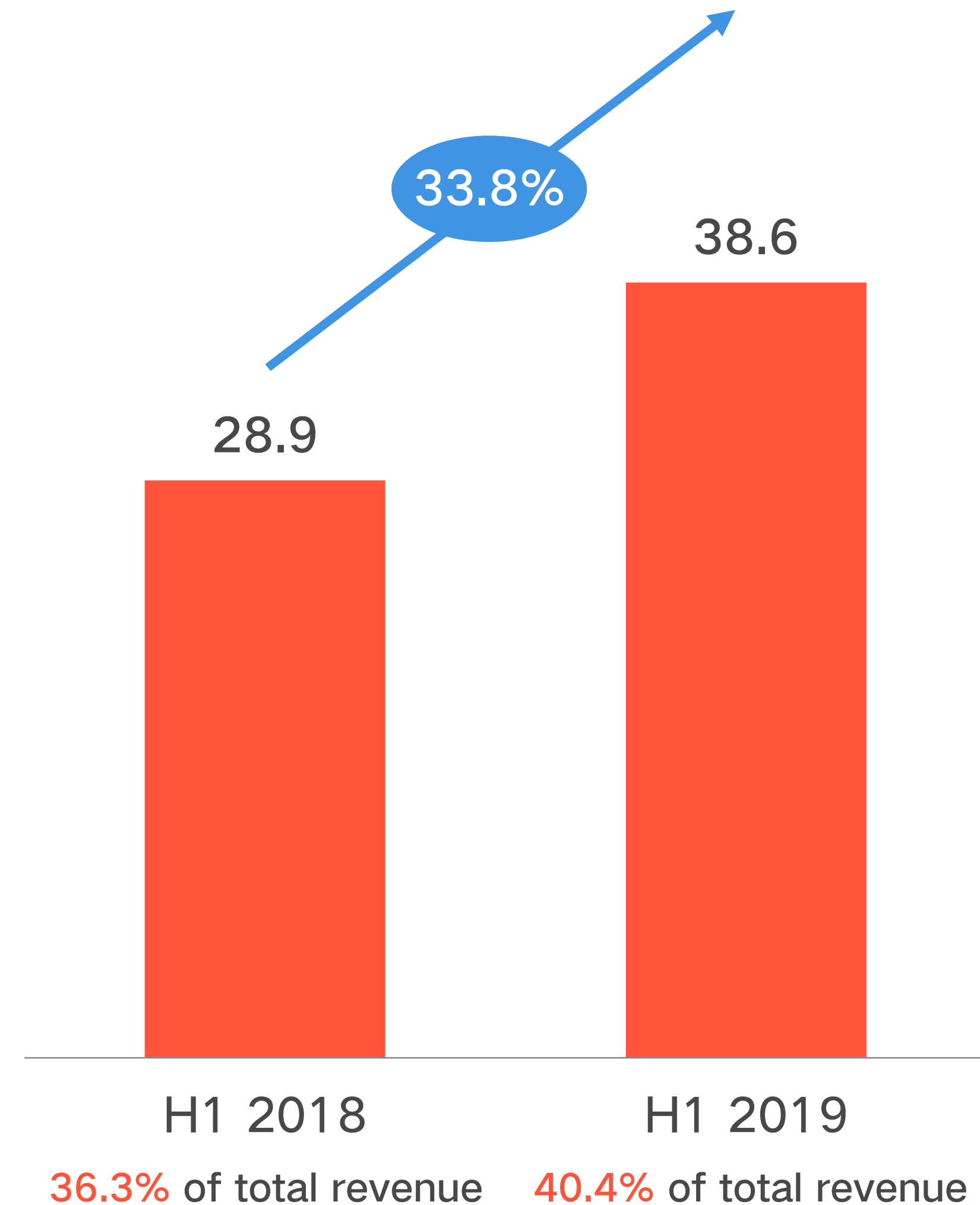




# Overseas



Overseas revenue  
RMB billion



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%**

# Xiaomi ranked **No.4** by smartphone shipments in Western Europe with **53.2%** YoY growth in Q2 2019

Western Europe smartphone market share <sup>1</sup>				
Rank	Vendor	2018 Q2 Market share	2019 Q2 Market share	Shipment YoY Growth
#1	Samsung	34.4%	42.8%	23.4%
#2	Apple	21.2%	18.4%	-14.0%
#3	Huawei	21.9%	16.6%	-24.9%
#4	Xiaomi	3.5%	5.5%	<b>53.2%</b>

Spain smartphone market share <sup>1</sup>				
Rank	Vendor	2018 Q2 Market share	2019 Q2 Market share	Shipment YoY Growth
#1	Samsung	26.9%	38.8%	44.5%
#2	Huawei	26.8%	15.8%	-41.0%
#3	Xiaomi	13.3%	15.3%	<b>15.7%</b>
#4	Apple	10.5%	8.6%	-18.3%



Rank **No.2** in open market in Spain

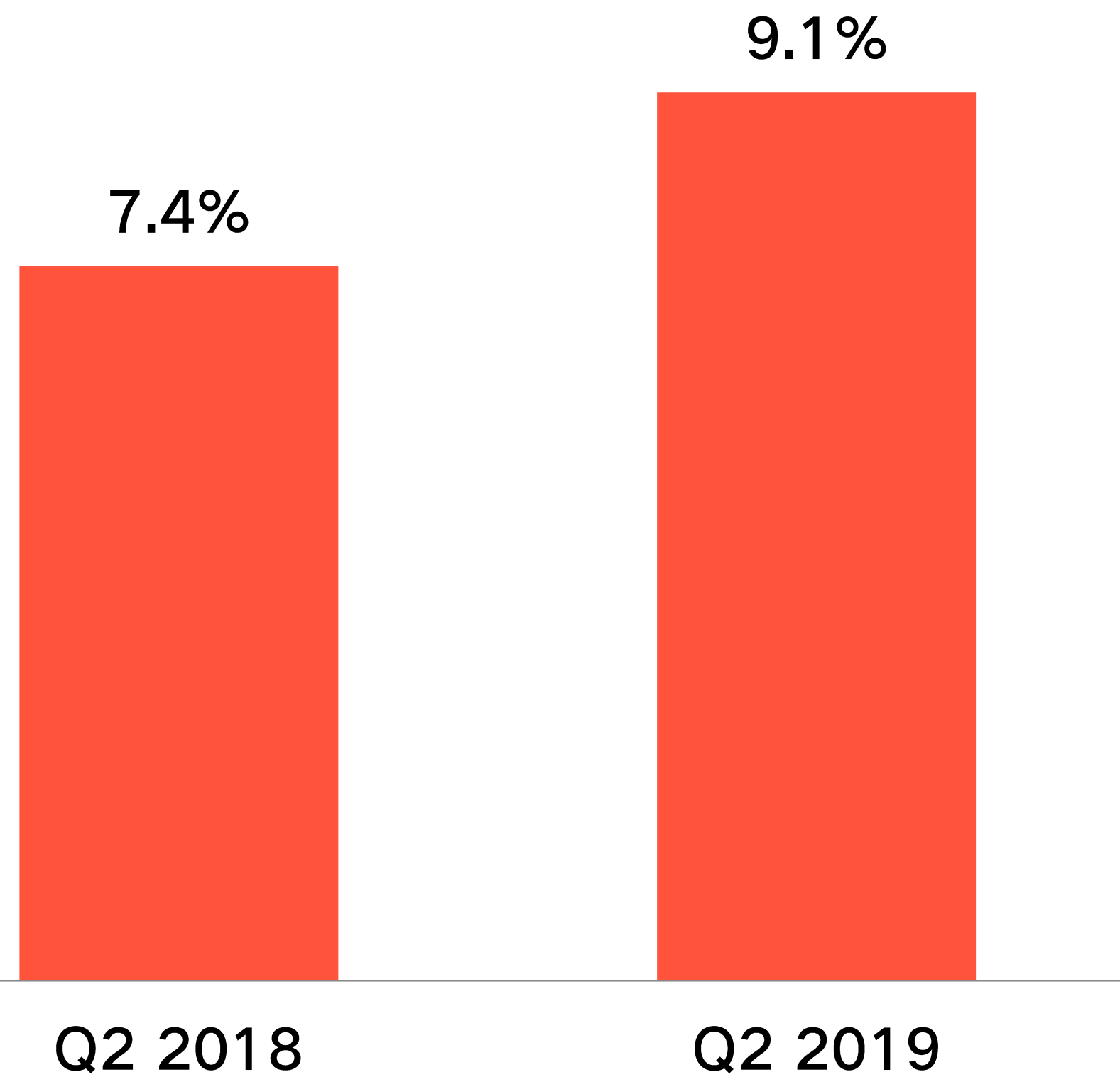
<sup>1</sup>According to Canalys

# Financials

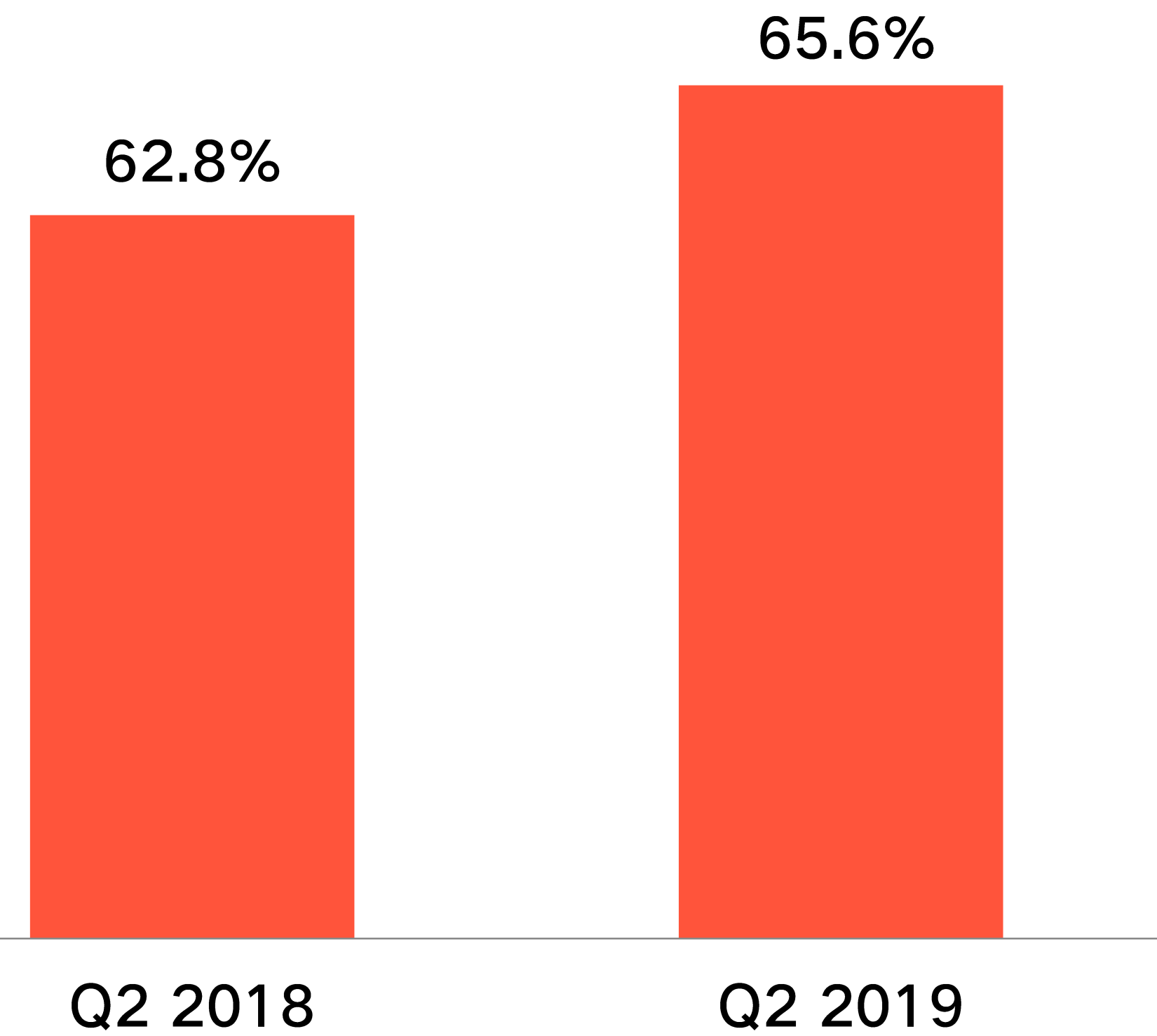


# Gross margins by segment

Hardware gross margin<sup>1</sup>



Internet service gross margin

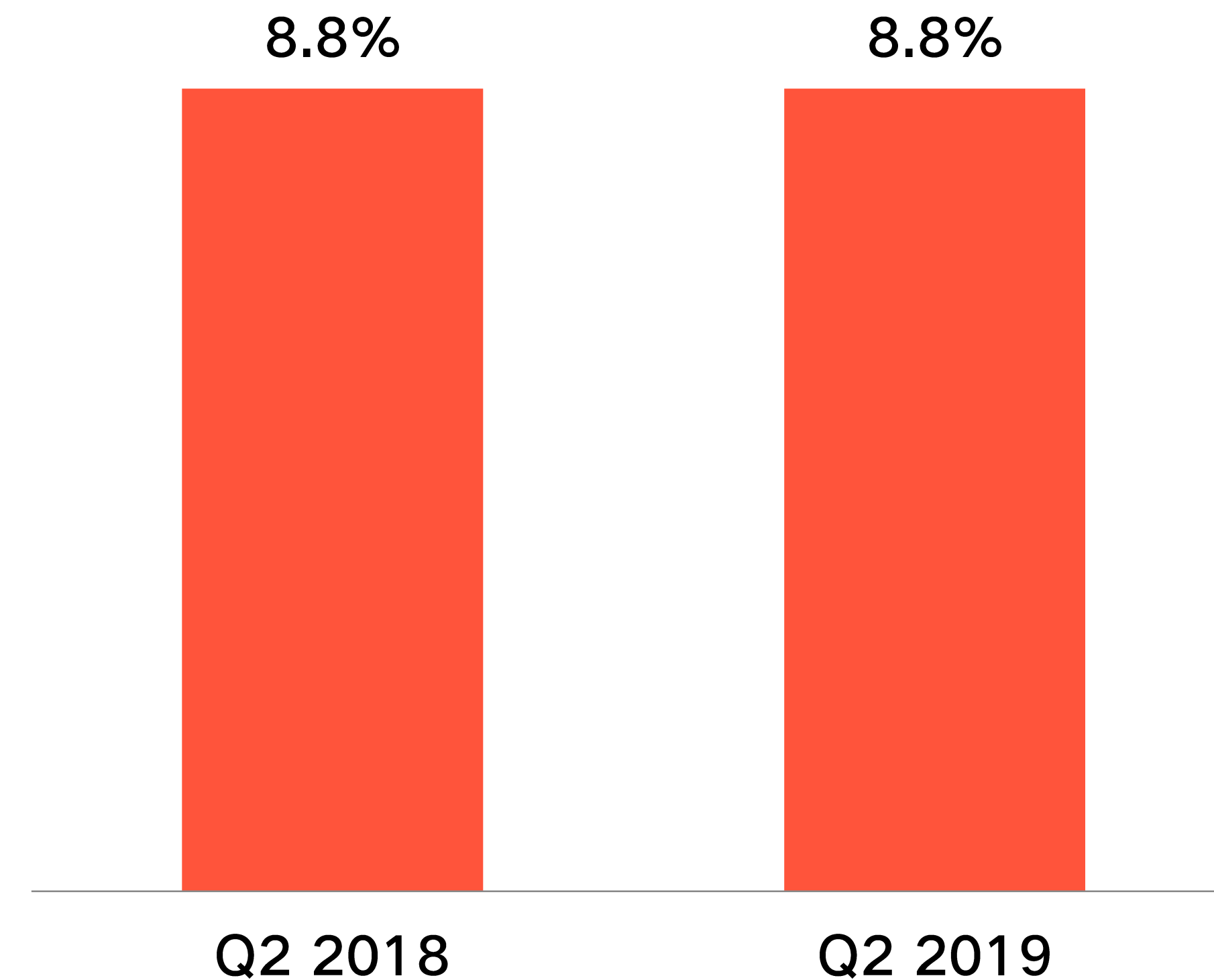


<sup>1</sup>Hardware gross margin is derived from the sum of gross profit from smartphones and IoT and lifestyle products divided by the sum of their respective revenue \* 100%

### Operating expense ratio<sup>1</sup>

Stable operating expense ratio due to continued operational efficiency

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



<sup>1</sup>Q2 2018 excludes a one-off share-based compensation of RMB9.9 billion

# Inventory turnover days decreased to **53** days in Q2 2019

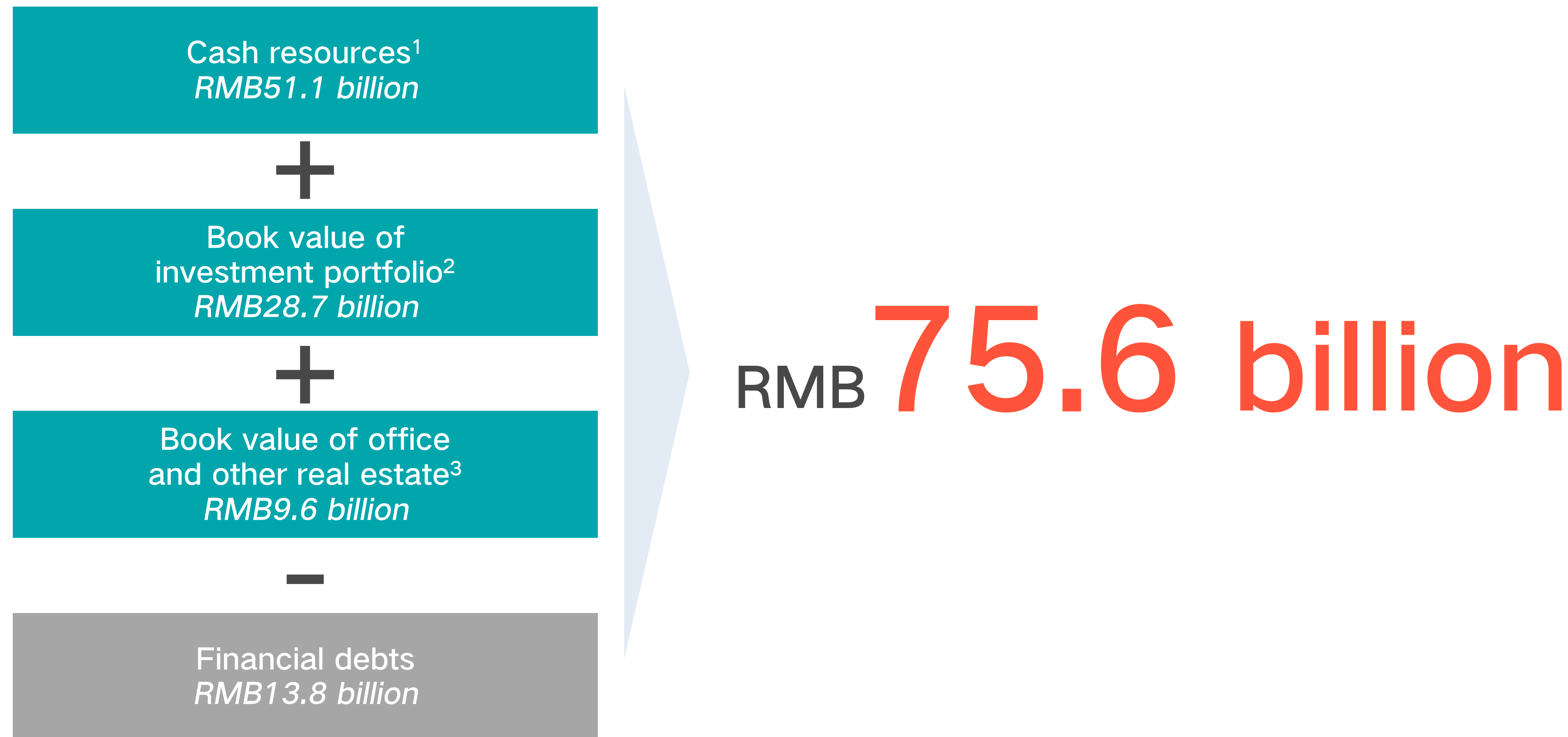
Working capital	Q2 2019
Trade receivables turnover days	12
Inventory turnover days	53
Trade payables turnover days	85
Cash conversion cycle	(20)

# RMB**13.7** billion operating cash flow in Q2 2019

RMB (in millions)	Q2 2019
Net cash generated from/(used in) operating activities <sup>1</sup>	13,653
Net cash generated from/(used in) investing activities	(5,658)
Net cash generated from/(used in) financing activities <sup>1</sup>	(762)
Net increase/(decrease) in cash and cash equivalents	7,233

<sup>1</sup>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

# Adequate cash and assets to prepare for future growth



<sup>1</sup>Include cash and cash equivalent, restricted cash, short-term bank deposits and short-term investments measured at fair value through profit or loss

<sup>2</sup>Include investment accounted for using the equity method and long-term investments measured at fair value through profit or loss

<sup>3</sup>Book value at cost



## Expanded our investment into supply chain

Invested in **12** supply chain companies<sup>1</sup>

**3** companies already listed on the STAR market<sup>1</sup> :



(IoT IC)



(Advanced electronic materials)



(TV SoC)

## Large investment portfolio

**270+**

Xiaomi had invested in over 270 companies as of Q2 2019

**RMB28.7 billion**

Investment book value<sup>2</sup> as of Q2 2019  
YoY growth of **20.8%**

<sup>1</sup>As of August 20, 2019

<sup>2</sup> Include investment accounted for using the equity method and long-term investments measured at fair value through profit or loss

