Xiaomi Corporation
Q1 2019 Results Announcement
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Q1 2019

Total revenue RMB43.8 billion
YoY growth of **27.2%**

Adjusted net profit\(^1\) RMB2.1 billion
YoY growth of **22.4%**

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\(^1\)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.
Q1 2019 was the first quarter that Xiaomi and Redmi were operated as independent brands.
### Key smartphones launched in Q1 2019

<table>
<thead>
<tr>
<th>Price Range</th>
<th>Flagship</th>
<th>Mid-range</th>
<th>Entry level</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB3,000 and above</td>
<td>Mi 9</td>
<td></td>
<td>Redmi 7</td>
</tr>
<tr>
<td>RMB2,000-3,000</td>
<td>Mi 9 SE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMB1,500-2,000</td>
<td></td>
<td>Redmi Note 7 Pro</td>
<td></td>
</tr>
<tr>
<td>RMB1,000-1,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RMB1,000 and below</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Our new smartphones were very well received

Mi 9 series
Launched on February 20
Supply exceeded 1.5 million units\(^1\)

Redmi Note 7/Note 7 Pro
Launched on January 10
Shipment exceeded 4 million units\(^1\)

\(^1\)By the end of Q1 2019, Mi 9 series shipment exceeded 1.5 million units in early April
Mainland China smartphone market share increased every month in Q1 2019

1According to a third party research agency
Smartphone and AIoT
The “Dual-Engine Strategy”
Leading global consumer IoT platform

~171 million
Connected devices\(^1\)
YoY growth of 70.0%
QoQ growth of 13.7%

~2.6 million
Users with more than 5
Xiaomi IoT devices\(^1\)
YoY growth 86.0%
QoQ growth of 15.2%

\(^1\)As of March 31, 2019, excluding smartphones and laptops
Over 10 million accumulated AI speaker shipments\(^1\)

No.2 for AI speaker shipments in China and No.4 globally\(^2\)

45.5 million AI Assistant MAU\(^3\)

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\(^1\)As of March 31, 2019  
\(^2\)In Q4 2018, according to Canalys  
\(^3\)As of March 2019
Focus on improving user experience and creating more smart home use cases
More than 1,400 skills for our AI assistant
Xiaomi ranked top 5 in more than 40 smartphone markets

Source: Based on Q1 2019 smartphone shipments, Canalys
India
Manu Jain
Vice President and Managing Director of Xiaomi India

- Bachelor’s degree in Technology, IIT Delhi
- MBA, IIM Calcutta
- Worked for McKinsey & Company
- Co-founder of a fashion e-commerce platform, Jabong.com
India’s most  brand

No.1

Smartphone\(^1\)

Smart TV\(^2\)

Fitness wearables\(^3\)

Power bank\(^4\)

\(^1\)IDC Quarterly Mobile Phone Tracker, from Q3 2017 to Q1 2019
\(^2\)IDC Quarterly Smart Home Device Tracker, Q2 to Q4 2018
\(^3\)IDC Quarterly Wearables Tracker, from Q1 to Q3 2018
\(^4\)Google trends
India’s No. 1 Smartphone Brand

7 consecutive quarters: Q3 2017 to Q1 2019

Source: IDC Quarterly Mobile Phone Tracker
# India’s No.1 smartphone brand in 2018

<table>
<thead>
<tr>
<th>Company</th>
<th>2018 Shipment (millions of units)</th>
<th>2018 Market Share</th>
<th>Shipment YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xiaomi</td>
<td>41.1</td>
<td>28.9%</td>
<td>58.6%</td>
</tr>
<tr>
<td>Samsung</td>
<td>31.9</td>
<td>22.4%</td>
<td>4%</td>
</tr>
<tr>
<td>vivo</td>
<td>14.2</td>
<td>10%</td>
<td>21.7%</td>
</tr>
<tr>
<td>OPPO</td>
<td>10.2</td>
<td>7.2%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Others</td>
<td>44.9</td>
<td>31.5%</td>
<td>-3.8%</td>
</tr>
</tbody>
</table>

Source: IDC Quarterly Mobile Phone Tracker, Feb. 2019
Over 30% market share in Q1 2019

35%+ higher than the #2 brand in India

Indian smartphone market share by shipments

Xiaomi: 31%
Samsung: 22%
vivo: 13%

Source: IDC Quarterly Mobile Phone Tracker, Mar 2019
No.1 in online market for 10 consecutive quarters

Indian online smartphone market share by shipments

- Xiaomi: 51%
- Realme: 8%
- Samsung: 7%
- Huawei / Honor: 7%
- Asus: 4%
- Others: 17%

Source: IDC Quarterly Mobile Phone Tracker, 2018
Exponential growth of offline sales in the last 2 years

Indian offline smartphone market share by sales

- Q2 2017: ~3%
- Q4 2018: ~20%
Offline sales maintained robust growth

2x sales in March 2019 compared to December 2018

Source: management account
No.1 smart TV brand in India

Smart TV market share by shipments

- Xiaomi: 34%
- LG: 17%
- Sony: 15%
- Samsung: 13%
- Others: 21%

Source: IDC Worldwide Quarterly Smart Device Tracker, Q4 2018
No.1 wearable device brand for five consecutive quarters in India

Wearable device market share by shipments

- Xiaomi: 41%
- GOQii: 19%
- Fossil: 3%
- Samsung: 4%
- Titan: 14%
- Others: 19%

Source: IDC Quarterly Wearable Device Tracker, Q3 2018
No.1 after-sales service satisfaction in India

First-call resolution | Issue understanding | Issue resolution | Infrastructure

Xiaomi
OPPO
Samsung
Apple
Lenovo
Huawei
OnePlus

Source: After-Sales Service Performance Report, Red Quanta, Q4 2018
Continued focus on internet services
Launched 3 new apps within the last 12 months

Mi Music
Mi Video
Mi Pay
AIoT
Dr. Cui Baoqiu  
Vice President and Chairman of the Technical Committee of the Group

- PhD in Computer Science from State University of New York at Stony Brook
- 20 years of engineering experience, held senior positions at LinkedIn, Yahoo and IBM
Leading position in industrial design, operating system customization, security and privacy matters

Strong capabilities in artificial intelligence, big data and cloud technology

Rapid technological advancement in communication technology, hardware and driver and applications and services
### Top 15 enterprises with most AI patent applications

<table>
<thead>
<tr>
<th>Ranking</th>
<th>No. of patents applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IBM (US) 3,000</td>
</tr>
<tr>
<td>2</td>
<td>Microsoft (US) 1,955</td>
</tr>
<tr>
<td>3</td>
<td>Google (US) 1,659</td>
</tr>
<tr>
<td>4</td>
<td>Baidu (US) 1,522</td>
</tr>
<tr>
<td>5</td>
<td>Samsung (Korea) 1,200</td>
</tr>
<tr>
<td>6</td>
<td>State Grid (China) 1,173</td>
</tr>
<tr>
<td>7</td>
<td>Intel (US) 903</td>
</tr>
<tr>
<td>8</td>
<td>Tencent (China) 766</td>
</tr>
<tr>
<td>9</td>
<td>NEC (Japan) 735</td>
</tr>
<tr>
<td>10</td>
<td>Alibaba (China) 709</td>
</tr>
<tr>
<td>11</td>
<td>Xiaomi (China) 684</td>
</tr>
<tr>
<td>12</td>
<td>Huawei (China) 681</td>
</tr>
<tr>
<td>13</td>
<td>Qualcomm (US) 676</td>
</tr>
<tr>
<td>14</td>
<td>Fanuc (Japan) 605</td>
</tr>
<tr>
<td>15</td>
<td>Fujitsu (Japan) 577</td>
</tr>
</tbody>
</table>

Note: Ranked by number of patents applied from 2016 to 2018. Ranked by number of patents applied from 2013 to 2015 in parenthesis, (–) denotes ranking outside of top 100

Ranked **11th** globally for number of AI patent applications
Widely distributed patents in the AIoT field

Applied for over $1000^1$ AIoT patents

$^1$As of March 31, 2019
Smartphones
Smartphones revenue reached RMB27.0 billion in Q1 2019, representing a YoY growth of **16.2%**

Xiaomi sold **27.9 million units** of smartphones in Q1 2019
Important launch dates of new smartphones in Q1 2019

Mainland China

Redmi Note 7
January 10

Mi 9
February 20

Mi 9 SE
February 24

Redmi Note 7 Pro
March 18

Overseas

Redmi Note 7

Mi 9

MIX 3 5G

Redmi Note 7/Note 7 Pro
February 28

Redmi 7
March 19
Continued ASP expansion driven by optimization of product portfolio

ASPI YoY growth in Q1 2019

- Mainland China: 30%
- Overseas: 12%
IoT and lifestyle products
IoT and lifestyle products revenue reached RMB12.0 billion in Q1 2019, representing a YoY growth of 56.5%.
Smart TVs sales volume reached **2.6** million units with **99.8%** YoY growth in Q1 2019

Ranked **No.1** in China market by shipments for 2 consecutive quarters\(^1\)

\(^1\)Source: CMM
Continued to launch popular IoT and lifestyle products to enrich our ecosystem

- Mi Smart Door Lock
- Mi Photo Printer
- Mi Wireless Power Bank / Car Charger
- Mi AirDots
- Redmi AirDots
Internet Services
Internet services revenue reached RMB4.3 billion in Q1 2019, representing a YoY growth of 31.8%.
Strong MIUI MAU growth

Mainland China MAU achieved QoQ growth in Q1 2019

\[ \text{MAU as of March 2019} \]
Increasing diversification of internet services revenue

~32% of internet services revenue was from internet services outside of advertising and gaming from China smartphones, with YoY growth of 167.3%
International
International revenue grew 34.7% YoY
Xiaomi ranked **No.4** for smartphone shipments in Western Europe with **115%** YoY growth in Q1 2019

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>2018 Q1 Market share</th>
<th>2019 Q1 Market share</th>
<th>Shipment YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Samsung</td>
<td>34.8%</td>
<td>38.1%</td>
<td>10%</td>
</tr>
<tr>
<td>#2</td>
<td>Huawei</td>
<td>16.1%</td>
<td>23.8%</td>
<td>48%</td>
</tr>
<tr>
<td>#3</td>
<td>Apple</td>
<td>26.4%</td>
<td>21.1%</td>
<td>-20%</td>
</tr>
<tr>
<td>#4</td>
<td>Xiaomi</td>
<td>2.2%</td>
<td>4.6%</td>
<td><strong>115%</strong></td>
</tr>
</tbody>
</table>

Source: Canalys
Gross margins by segment

Hardware gross margin\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>7.0%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

Internet services gross margin

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>62.3%</td>
<td>67.4%</td>
</tr>
</tbody>
</table>

\(^1\)Hardware gross margin is derived from the sum of gross profits from smartphones and IoT and lifestyle products divided by the sum of their respective revenue * 100%
R&D expenses grew 49.5% YoY

Maintained an operating expense ratio of below 10%
Maintained a negative cash conversion cycle

<table>
<thead>
<tr>
<th>Working capital</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables turnover days</td>
<td>13</td>
</tr>
<tr>
<td>Inventory turnover days</td>
<td>65</td>
</tr>
<tr>
<td>Trade payables turnover days</td>
<td>96</td>
</tr>
<tr>
<td>Cash conversion cycle</td>
<td>(18)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inventories breakdown (RMB billion)</th>
<th>Q4 2018</th>
<th>Q1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finished goods</td>
<td>19.1</td>
<td>14.4</td>
</tr>
<tr>
<td>Smartphones</td>
<td>13.4</td>
<td>9.2</td>
</tr>
<tr>
<td>Others</td>
<td>5.7</td>
<td>5.2</td>
</tr>
<tr>
<td>Raw materials and work in progress</td>
<td>9.4</td>
<td>10.2</td>
</tr>
<tr>
<td>Smartphones</td>
<td>8.5</td>
<td>8.6</td>
</tr>
<tr>
<td>Others</td>
<td>0.9</td>
<td>1.6</td>
</tr>
<tr>
<td>Spare parts and others</td>
<td>2.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Less: provision for impairment</td>
<td>(1.9)</td>
<td>(1.5)</td>
</tr>
<tr>
<td>Inventories</td>
<td>29.5</td>
<td>26.0</td>
</tr>
</tbody>
</table>
270+
Xiaomi had invested in over 270 companies as of Q1 2019

RMB29.0 billion
Investment book value of RMB29.0 billion as of Q1 2019, YoY growth of 28.6%
Potential to generate recurring investment income

Portfolio companies listed since 2018

Strong IPO pipeline for the Science and Technology Innovation Board

1Include investment accounted for using the equity method and long-term investments measured at fair value through profit or loss