



Xiaomi Corporation

Q3 2018 Results Announcement

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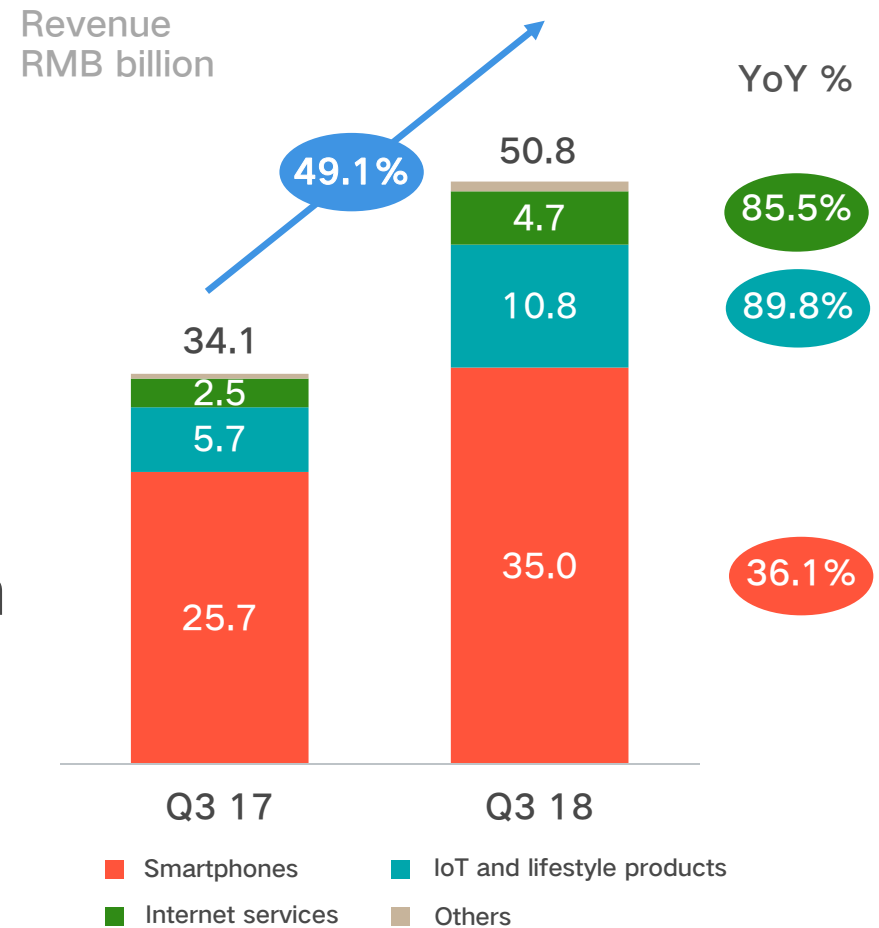
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Q3 2018
Total revenue RMB50.8 billion
YoY growth of **49.1%**
Adjusted net profit¹ RMB2.9 billion



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



2018 smartphone shipment exceeded **100** million
on October 26, 2018¹

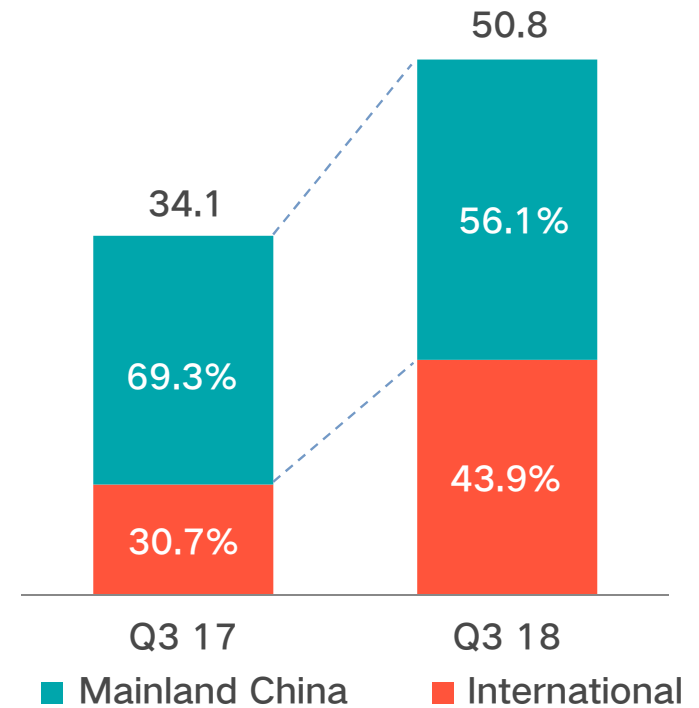
¹Based on management accounts



Total revenue grew by 49.1% YoY
Mainland China revenue grew by 20.9% YoY
International revenue grew by **112.7%** YoY

Xiaomi was ranked **top 5** in **30** smartphone markets¹

Revenue breakdown
RMB billion, %



¹Based on Q3 2018 smartphone shipments, Canalys



Xiaomi ranked **No.4** by smartphone shipments in Western Europe with **386%** YoY growth in Q3 2018

Western Europe smartphone market share				
Rank	Vendor	Q3 17 Market share	Q3 18 Market share	YoY Growth
#1	Samsung	35%	32%	-16%
#2	Apple	24%	26%	-1%
#3	Huawei	15%	23%	42%
#4	Xiaomi	1%	4%	386%



No.1 in India for four consecutive quarters and No.2 in Indonesia smartphone market share

India smartphone market share						
Rank ¹	Vendor	Q4 17	Q1 18	Q2 18	Q3 18	Q3 18 YoY Growth
#1	Xiaomi	27%	31%	30%	30%	31%
#2	Samsung	24%	25%	30%	23%	-1%
#3	VIVO	8%	7%	11%	11%	12%
#4	OPPO	7%	9%	9%	9%	0%

Indonesia smartphone market share				
Rank	Vendor	Q3 17 Market share	Q3 18 Market share	YoY Growth
#1	Samsung	28%	24%	-5%
#2	Xiaomi	6%	23%	337%
#3	OPPO	15%	20%	46%
#4	VIVO	9%	12%	50%

¹Based on Q3 2018 ranking
Source: Canals



Innovation



Mi MIX 3

The world's first full screen magnetic slider

One of the top **3** photographic experiences globally

Continued leadership in color ceramics technology



With continued optimization in image processing algorithms and camera tuning, the DxOMark score of MIX 3 ranks top **3** globally

Mi MIX 3



iPhone X



HUAWEI P20





Pioneering products with 5G technology



2018.9.3

Sub-6GHz successfully connected

2018.10.23

mmWave Millimeter wave
successfully connected

2019 Q1

5G smartphones to be launched in
Europe



AI and IoT



~132 million

Connected devices¹
QoQ growth of 13.8%

~2 million

Users with more than 5 Xiaomi IoT devices¹
QoQ growth of 16.5%

34 million+

Xiaomi AI assistant MAU²

¹As of September 2018, excluding smartphones and laptops

²As of September 2018



Xiaomi's AI technology is widely acclaimed

Xiaomi's AI Open Platform for Smart Homes
“World Leading Internet Scientific and Technological Achievements”



“Top 10 AI Enterprises in China”



“2018 Top 50 Chinese Big Data Enterprises”



Xiaomi's AI assistant was shortlisted for the SAIL award



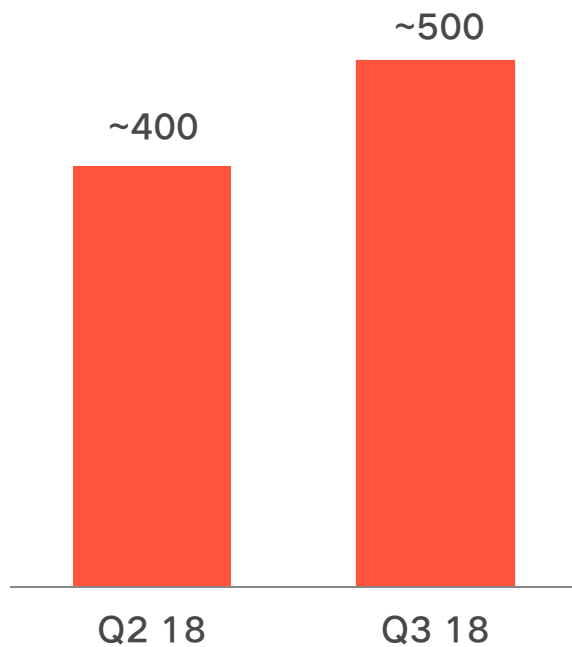


Efficiency

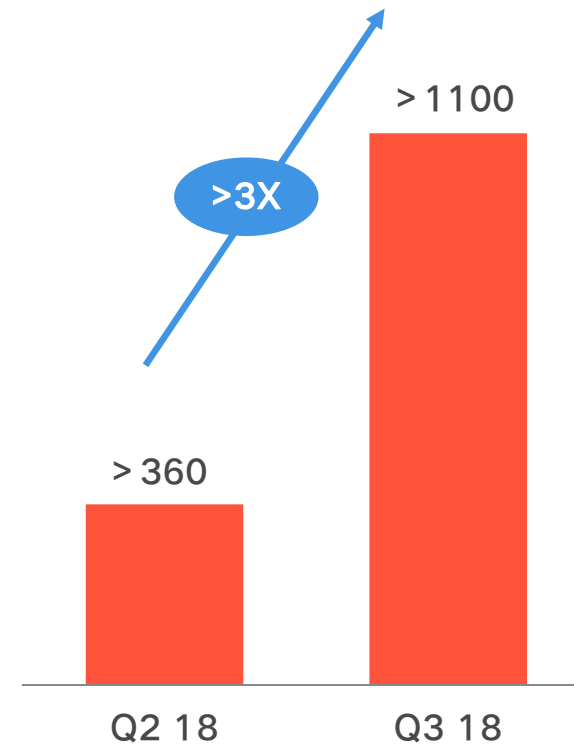


Xiaomi maintained an efficient operating expense ratio of **8.5%** and further expanded its offline channels in Q3 2018

Number of Mi Homes in mainland China



Number of franchise stores in mainland China





Brand Strategy



Multi-brand strategy to better target different user segments



“POCO” – Deliver performance that matters

First released in India in August 2018, now available in most of our international markets

Delivering technologies that truly matters to tech enthusiasts



“Black Shark” – Born to compete

Leading Android gaming smartphone

Delivering ultimate gaming performance to gamers

Note: Black Shark is developed by our investee company



Strategic cooperation between Xiaomi and Meitu



Under the strategic cooperation agreement:

- Xiaomi will be responsible for design, research and development, production, business operation, sales and marketing of the cooperated smartphones and certain smart hardware
- Meitu will be responsible for certain image-related algorithms and technologies of the cooperated smartphones cameras



Reasons for entering into the strategic cooperation:

- Leverage Meitu's image technologies and beautification algorithms to provide our users with better photographic experiences
- Further expand and diversify our user base by building on Meitu's popularity among female users
- Provide a new growth opportunity for our overall smartphone business

¹Excluding certain skin-related smart hardware products



Organization Restructuring

Organization restructuring to build a sustainable future



Strengthen the management functions of our headquarters

Organization
Department

Strategic Advisory
Department

Streamline businesses and promote next generation leaders

Mi TV

Mi
Notebook

Smart
Hardware

Mi
Ecosystem

IoT
Platform

Youpin

Internet I
(MIUI, advertising,
game distribution, etc.)

Internet II
(App Store, game center,
music, etc.)

Internet III
(Search, information, etc.)

Internet IV
(MIUI on TV, video,
live streaming, etc.)



Smart TVs sales volume grew by **199%** YoY in Q3 2018

Sales volume exceeded **5** million units in the first 9 months of 2018

Monthly sales volume exceeded 1 million units in October 2018¹

During the Singles' Day shopping festival in 2018, the sales volume and sales value both ranked **No.1** on Tmall.com, JD.com and Suning.com²

The leading smart TV brand in India, according to IDC



¹According to management accounts

²Tmall.com and Suning.com rankings based on sales volume and sales value on November 11, 2018; JD.com ranking based on sales volume and sales value from November 1, 2018 to November 11, 2018



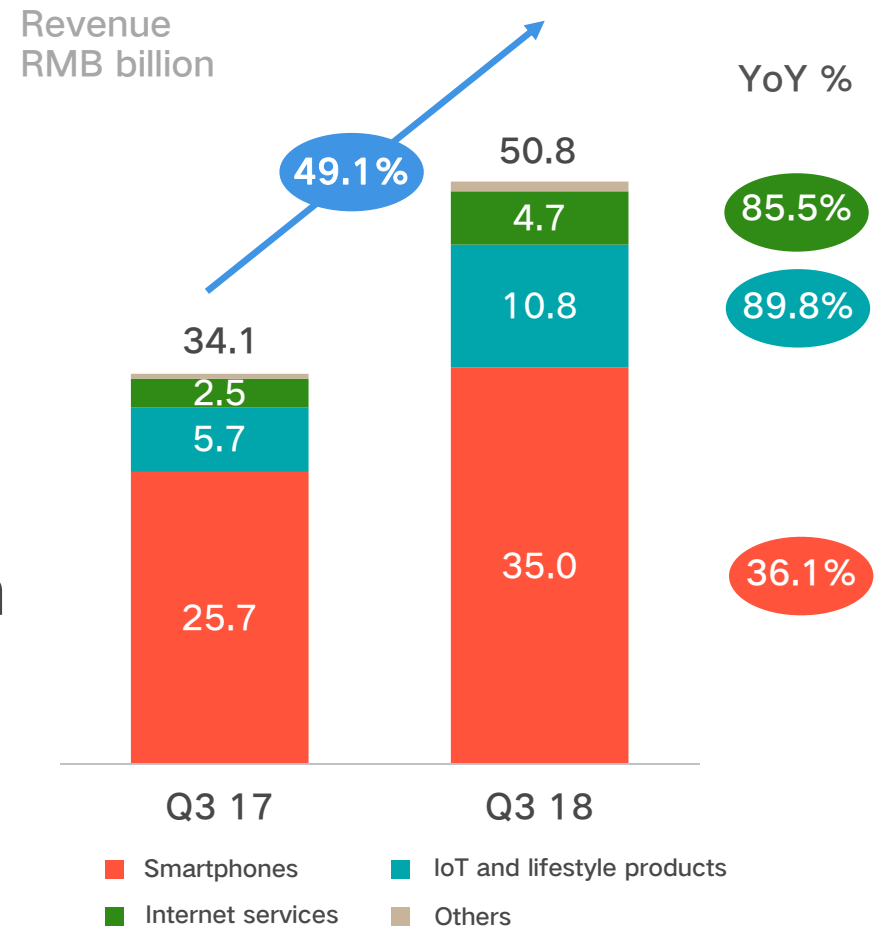
Relentlessly build amazing products
with honest prices



Financials



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Adjusted net profit¹ RMB2.9 billion



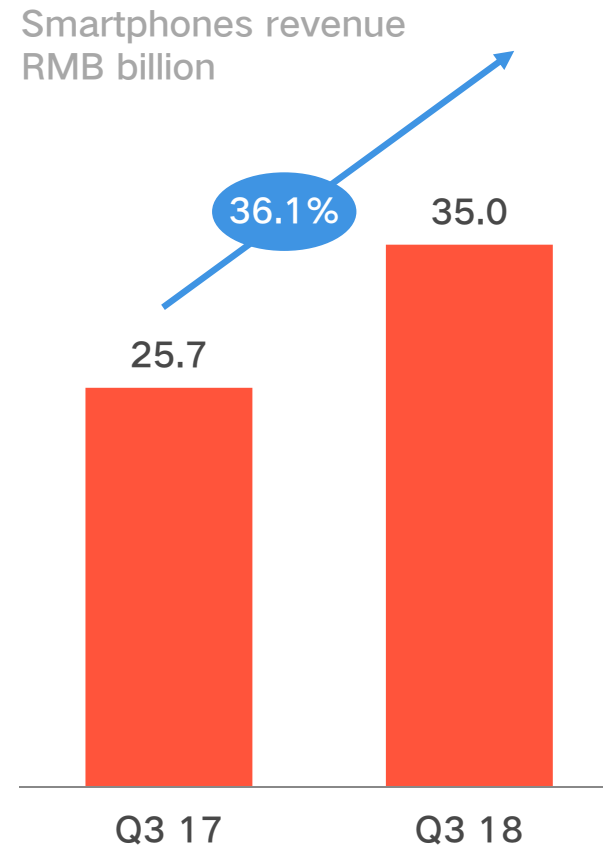
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Smartphones



Smartphones revenue reached RMB35.0 billion in Q3 2018, representing a YoY growth of **36.1%**





Xiaomi sold **33.3** million units¹ of smartphones in Q3 2018, continued expanding its market share

Worldwide Smartphone Market , Top 5 Company Shipments, Market Share and Year-over-Year Growth, Q3 2018 (shipments in millions)					
Company	Q3 18 Shipment Volumes	Q3 18 Market Share	Q3 17 Shipment Volumes	Q3 17 Market Share	Year-Over-Year Change
Samsung	72.2	20.3%	83.3	22.1%	-13.4 %
Huawei	52.0	14.6%	39.1	10.4%	32.9%
Apple	46.9	13.2%	46.7	12.4%	0.5%
Xiaomi	34.3	9.7%	28.3	7.5%	21.2%
OPPO	29.4	8.4%	30.6	8.1%	-2.1%
Others	119.9	33.8%	149.8	39.6%	-19.9%
Total	355.2	100.0%	377.8	100.0%	-6.0%

Source : IDC Worldwide Quarterly Mobile Phone Tracker

¹Company internal sales data



Continued optimization of our product portfolio
with ASP increasing YoY and QoQ

Q3 2018 smartphone ASP grew over **16%** YoY
in mainland China and **18%** YoY overseas



Mi 8 series shipment exceeded 6 million units¹



¹As of October 9, 2018

Strong Singles' Day sales for high-end smartphones in 2018



Mi 8 ranked **No.1** in the RMB2,000 to RMB3,000 price range on Tmall.com and JD.com¹, and in the RMB2,000 to RMB2,499 price range on Suning.com¹

¹Tmall.com and Suning.com rankings based on sales volume on November 11, 2018; JD.com ranking based on sales volume from November 1, 2018 to November 11, 2018



% of smartphones revenue¹

Flagship
(RMB2,000 and above)



Mi MIX series



Mi 8



POCO

31%

Mid-range
(RMB800-1,999)



Mi 8 SE/Lite



Mi 6X



Mi MAX 3



Redmi 6 series



Redmi S2

69%

Entry level
(RMB799 and below)



Redmi 6A

¹As of Q3 2018, based on management accounts

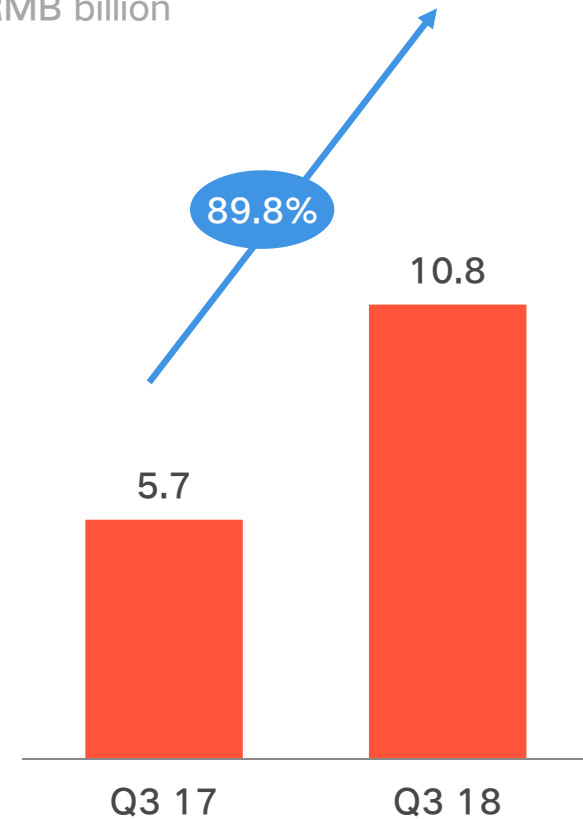


IoT and lifestyle products



IoT and lifestyle products revenue reached RMB10.8 billion in Q3 2018, representing a YoY growth of **89.8%**

IoT and lifestyle products revenue
RMB billion





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Continued to expand our IoT product portfolio

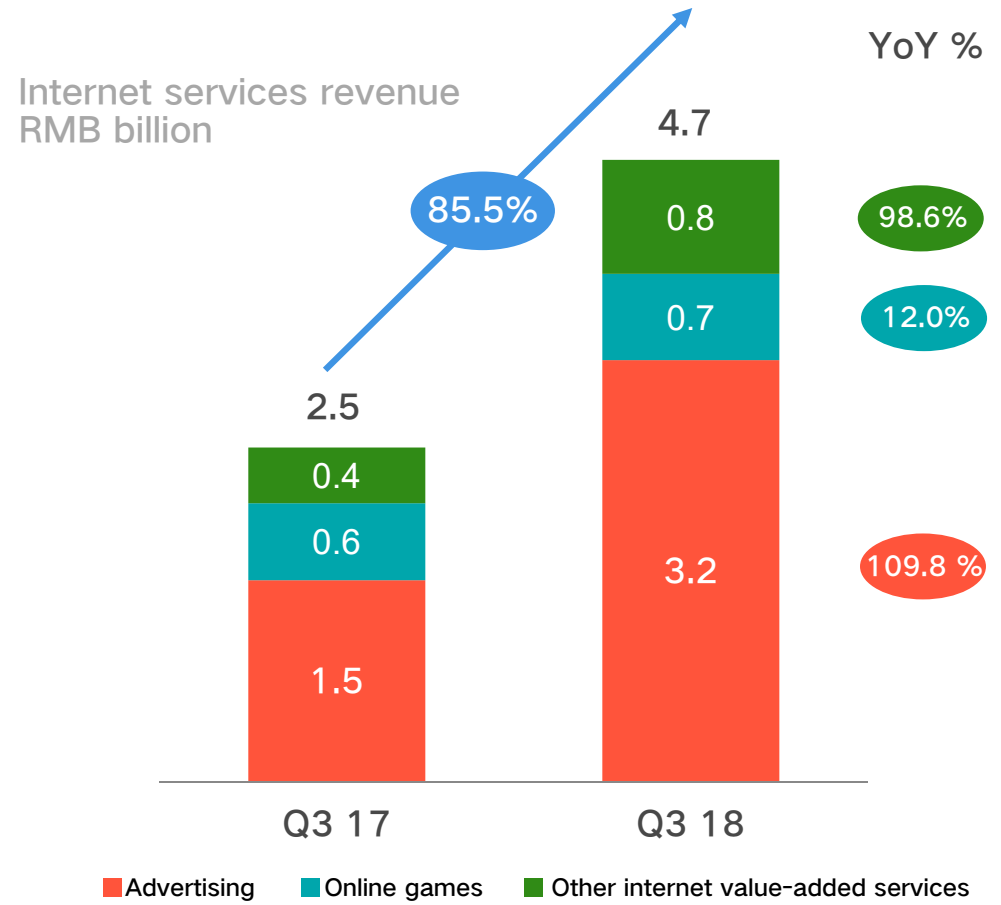
Mi Air Conditioner
launched on July 23, 2018



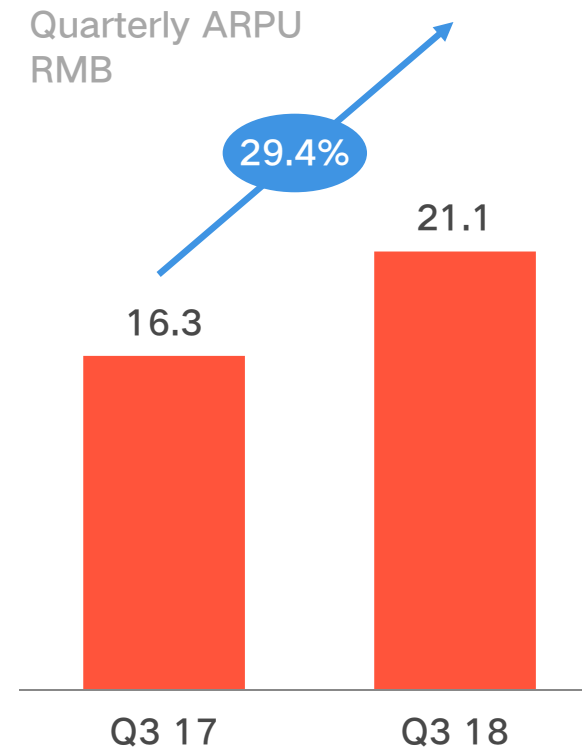
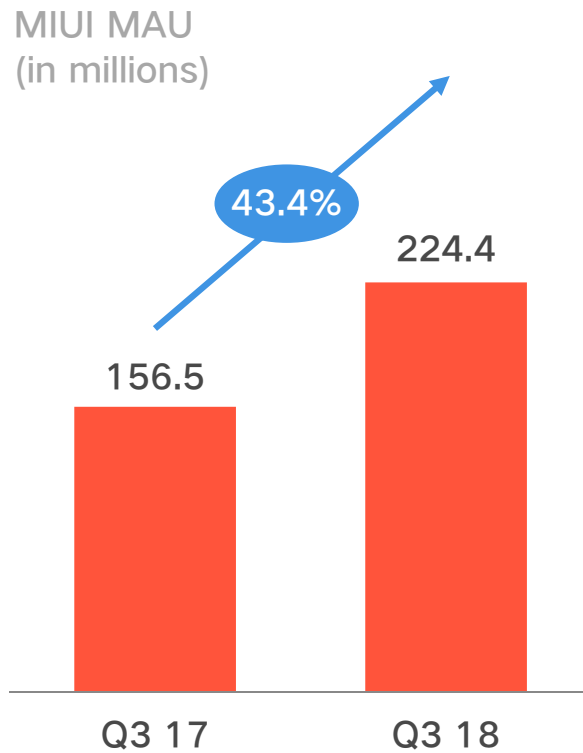
Internet services



Internet services revenue reached RMB4.7 billion in Q3 2018, representing a YoY growth of **85.5%**



Xiaomi sustained MIUI user and ARPU growth





Internet monetization outside of mainland China smartphones is early, but showing good progress

TV internet services revenue accounted for **5.4%**¹ of total internet services revenue in Q3 2018

MAU of Mi TV & Mi Box reached **15.9 million**²



¹According to management accounts

²As of September 2018



MIUI 10

Designed for full screen
experience

Overseas internet services
revenue accounted for **4.4%**¹ of
total internet services revenue
in Q3 2018

¹According to management accounts

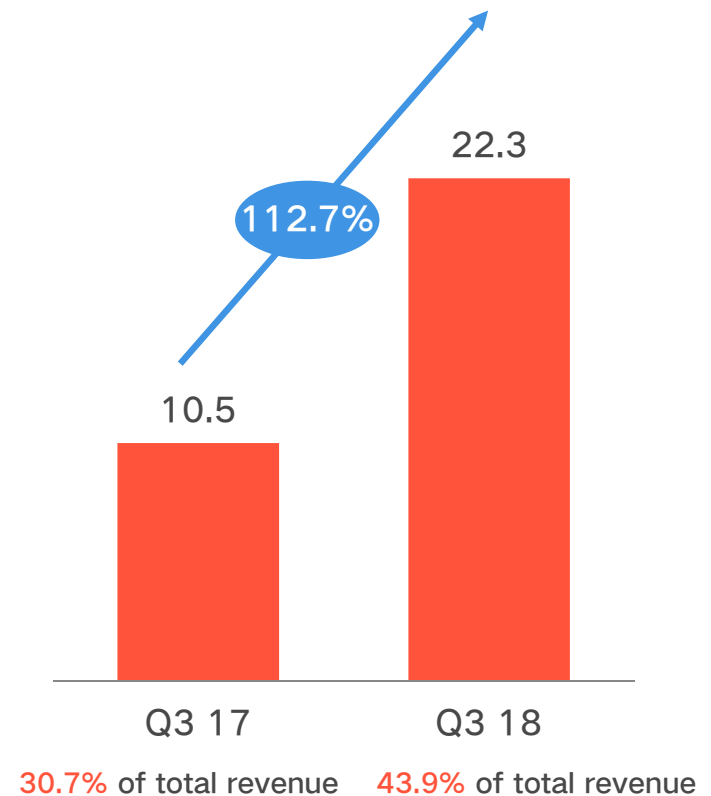


International



Q3 2018 international revenue continued to grow rapidly with YoY growth of **112.7%**, representing **43.9%** of total revenue

International revenue
RMB billion





Xiaomi was ranked top 5 in 30 smartphone markets



No.1 in India for **4** consecutive quarters



No.2 in Indonesia, with shipment YoY growth of **337%** in Q3 2018

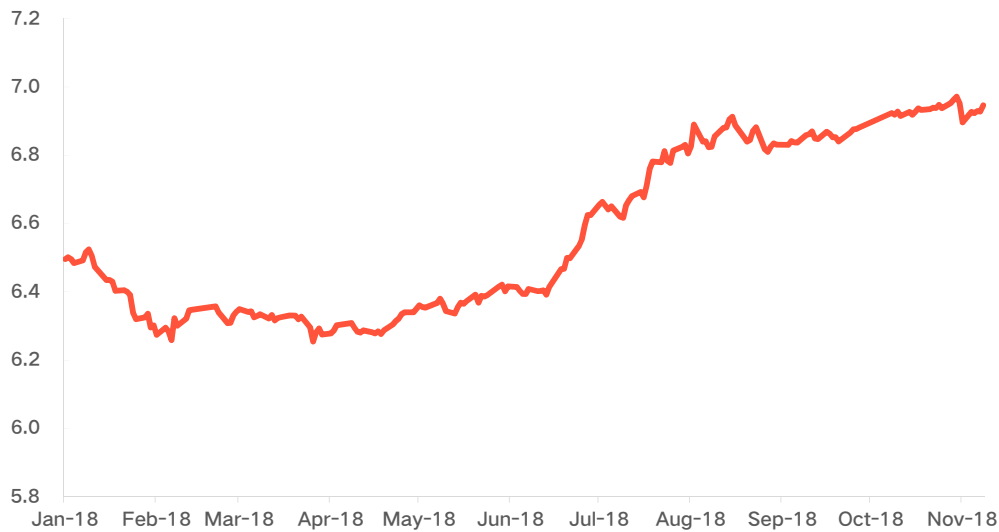


No.4 in Western Europe, with shipment YoY growth of **386%** in Q3 2018

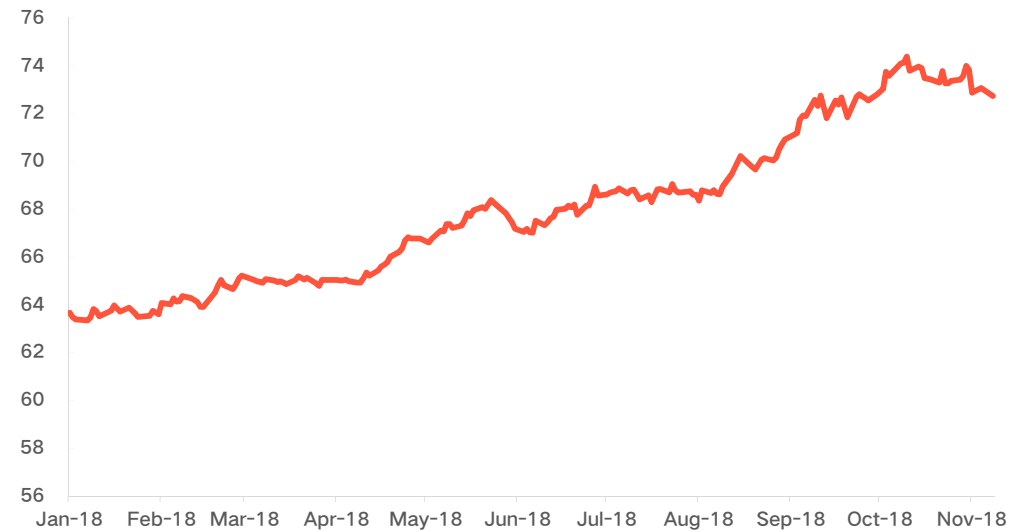


RMB and Indian Rupee have depreciated **6.9%** and **14.2%** against USD year to date¹, respectively

YTD USD/CNY exchange rate



YTD USD/INR exchange rate

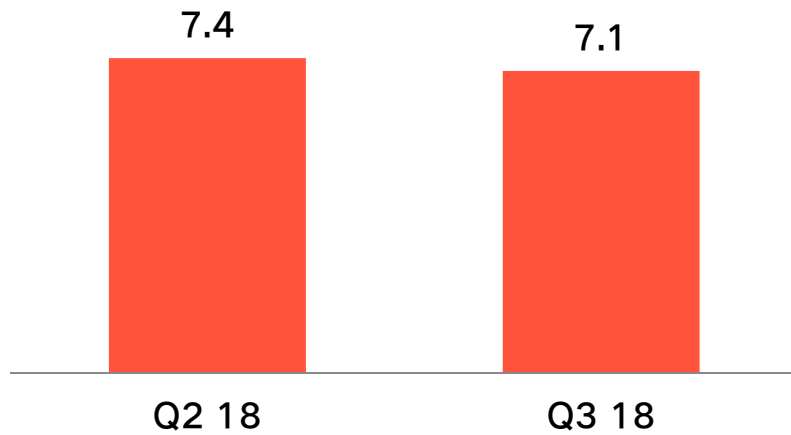


¹As of November 9, 2018
Source: IMF

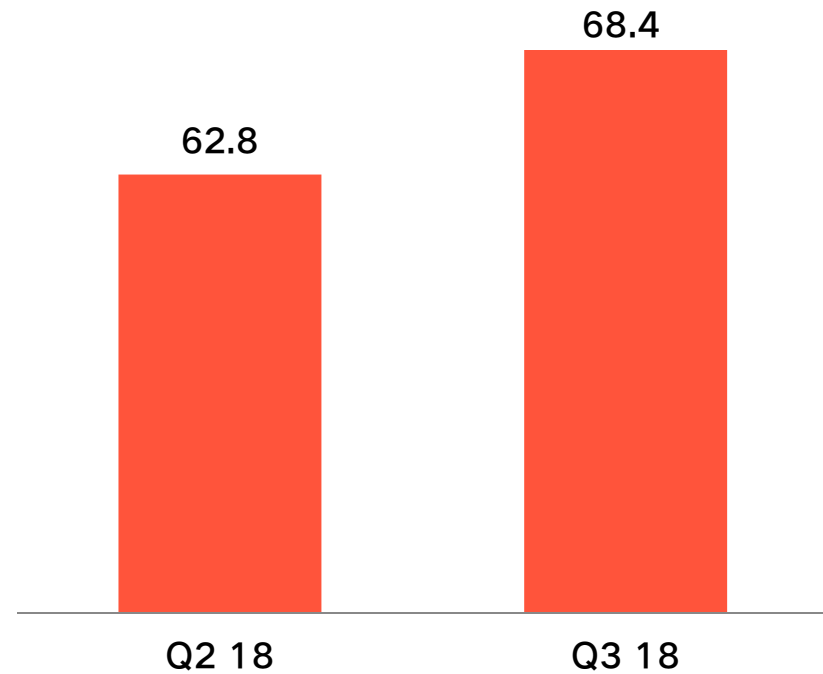


Gross margins by segment

Hardware gross margin¹
%



Internet services gross margin
%

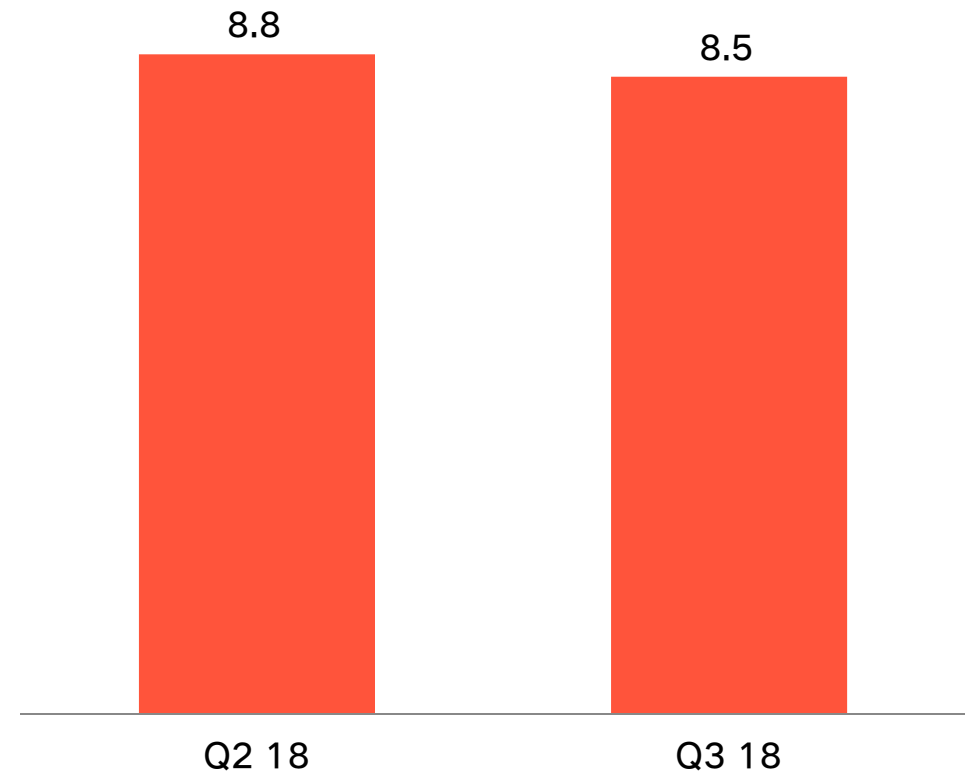


¹Hardware gross margin is derived from the sum of gross profits from smartphones and IoT and lifestyle products divided by the sum of their respective revenue * 100%



Operating expenses breakdown
%

Stable operating expenses ratio, exhibiting continued operational efficiency





Adjusted net profit

RMB (in millions)	Net profit	Net margin
IFRS	2,480.5	4.9%
Share-based compensation	701.8	
Fair value changes of convertible redeemable preferred shares	(52.9)	
Net fair value gains of investment	(246.5)	
Amortization of intangible assets resulting from acquisition	2.3	
Non-IFRS	2,885.2	5.7%

Working capital

Working capital	3Q18
Trade receivables turnover days	14
Inventory turnover days	49
Trade payables turnover days	99
Cash conversion cycle	(36)

Cash flow

RMB (in millions)	3Q18
Net cash generated from/(used in) operating activities ¹	1,067.3
Net cash generated from/(used in) investing activities	(2,228.2)
Net cash generated from/(used in) financing activities ¹	23,782.6
Net increase/(decrease) in cash and cash equivalents	22,621.7

¹Net cash generated from/(used in) operating activities excludes (1) the increase in loan and interest receivables mainly resulting from the internet finance business; (2) the increase in trade receivables and trade payables resulting from the finance factoring business; and (3) the increase 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



The impact of convertible redeemable preferred shares

RMB (in millions)	3Q18	2Q18
Convertible redeemable preferred shares		150,563.9
Capital reserve	151,100.3	
Share capital	0.2	

Total equity

RMB (in millions)	3Q18	2Q18
Share capital	0.4	0.2
Accumulated loss	(118,979.8)	(121,316.5)
Capital reserve	186,198.0	10,884.8
Minority interests	(55.4)	93.9
Total equity	67,163.2	(110,337.6)

Group consolidated income statement

RMB (in millions)	3Q18	3Q17	YoY	2Q18	QoQ
Revenue	50,846.2	34,099.9	49.1%	45,235.5	31.5%
Cost of sales	(44,268.7)	(28,897.8)	53.2%	(39,583.7)	31.5%
Gross profit	6,577.5	5,202.1	26.4%	5,651.8	31.4%
Selling and marketing expenses	(2,186.9)	(1,446.7)	51.2%	(2,075.7)	48.0%
Administrative expenses	(583.3)	(296.9)	96.5%	(10,456.9)	2147.2%
R&D expenses	(1,534.4)	(804.8)	90.7%	(1,363.9)	23.5%
Fair value changes on investments measured at fair value through profit or loss	65.3	672.5	-90.3%	526.9	-70.1%
Share of (losses) / gains of investments accounted for using equity method	(184.4)	(66.7)	176.5%	(128.5)	-887.0%
Other income	259.1	106.1	144.2%	207.3	31.0%
Other (losses) / gains, net	(202.3)	222.2	-191.0%	46.7	-52.1%
Operating profit	2,210.6	3,587.8	-38.4%	(7,592.0)	-325.6%
Finance (expenses) / income, net	100.1	18.2	450.0%	(32.3)	-281.3%
Fair value changes of convertible redeemable preferred shares	52.9	(13,869.7)	-100.4%	22,532.7	-323.7%
Income tax expenses	116.9	(729.0)	-116.0%	(275.8)	-18.5%
(Loss) / profit for the period	2,480.5	(10,992.7)	-122.6%	14,632.6	-308.2%
Non-IFRS measurement:					
Adjusted net profit	2,885.2	2,459.4	17.3%	2,116.8	36.3%

