Xiaomi Corporation
2019 Annual Results Announcement
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Xiaomi has achieved tremendous growth since our inception

2010 Xiaomi was founded
2012 Revenue surpassed RMB10 billion
2014 Revenue surpassed USD10 billion, the fastest ever\(^3\)
2017 Revenue surpassed RMB100 billion
2019 Became the youngest company on Fortune Global 500 list in August, ranked No.468
2019 Revenue surpassed RMB200 billion

\(^1\)Revenue from 2010 to 2014 were based on unaudited management accounts
\(^2\)CAGR is calculated for revenue from 2011 to 2019
\(^3\)According to iResearch
In 2019

Total revenue was RMB205.8 billion, up 17.7% YoY

Adjusted net profit\(^1\) was RMB11.5 billion, up 34.8% YoY

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\(^1\)Defined as 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 changes on investments, and (iv) amortization of intangible assets resulting from acquisitions, (v) changes of value of financial liabilities to fund investors, and (vi) income tax effects
In Q4 2019

Total revenue was RMB56.5 billion, up 27.1% YoY

Adjusted net profit\(^1\) was RMB2.3 billion, up 26.5% YoY

\(^1\)Defined as 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 changes on investments, and (iv) amortization of intangible assets resulting from acquisitions, (v) changes of value of financial liabilities to fund investors, and (vi) income tax effects
Accumulative R&D expenses from 2016 to 2020 expected to surpass RMB28.6 billion

R&D expenses in 2019 increased 29.7% YoY

R&D expenses in 2020 expected to surpass RMB10 billion
Mi 10 series has achieved success in the premium market

Mi 10 Pro

Launched on February 13, 2020

8GB+256GB RMB4,999
12GB+256GB RMB5,499
12GB+512GB RMB5,999

Mi 10 Pro is well-received by the market, with shipments exceeding our original target
Mi 10 Pro – Top scores in DXOMARK

<table>
<thead>
<tr>
<th>MOBILE</th>
<th>CAMERA</th>
<th>SELFIE</th>
<th>AUDIO</th>
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<tbody>
<tr>
<td>Xiaomi Mi 10 Pro</td>
<td>124</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Huawei Mate 30 Pro 5G</td>
<td>123</td>
<td></td>
<td></td>
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<tr>
<td>Honor V30 Pro</td>
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<tr>
<td>Xiaomi Mi CC9 Pro Premi...</td>
<td>121</td>
<td>54</td>
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<table>
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<th>CAMERA</th>
<th>SELFIE</th>
<th>AUDIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Xiaomi Mi 10 Pro</td>
<td>124</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>Huawei Mate 20 X</td>
<td>111</td>
<td></td>
<td>75</td>
</tr>
<tr>
<td>Apple iPhone XS Max</td>
<td>106</td>
<td>82</td>
<td>74</td>
</tr>
<tr>
<td>Apple iPhone 11 Pro Max</td>
<td>117</td>
<td>91</td>
<td>71</td>
</tr>
<tr>
<td>Asus ROG Phone II</td>
<td>95</td>
<td></td>
<td>69</td>
</tr>
</tbody>
</table>

**No.1 in overall camera, video and audio scores*1**

*1As of launch
Prudent operation strategy during the 4G to 5G transition in 2019 positions Xiaomi well to capture 5G opportunities.
Redmi makes high-end technologies readily accessible

Redmi K30 5G - Bringing 5G technology to the mass market

10+ 5G models in our 2020 pipeline to accelerate 5G penetration

Launched on December 10, 2019, with pricing starting from RMB1,999, bringing the price of 5G smartphone to below RMB2,000 for the first time
COVID-19 outbreak’s short-term impact on our businesses

- **Supply chain**
  - Production was impacted between February and early March, but has resumed to 80%-90% of normal level as of end of March 2020

- **Mainland China**
  - Offline consumption was affected initially, but demands have seen a quick recovery
  - Xiaomi has been comparatively less impacted due to our advantages in online channels

- **Overseas**
  - Overseas markets impact expected to be in Q2 2020. Demand likely be deferred rather than lost
  - Based on experience in China, smartphone demand is resilient and will rebound quickly
  - With a strong global foothold and continuous expansion into new markets, we remain optimistic about the long-term potential of our overseas markets

- **Internet services**
  - Both time spent and value-added service revenue grew strongly
  - Advertising budgets from certain client verticals were impacted
Smartphone shipments rebounded rapidly from COVID-19 in mainland China

Mainland China smartphone shipments¹
Million units

¹According to third-party statistics, week 1 starting from December 30, 2019
Smartphones
2019 smartphone revenue reached RMB122.1 billion, up 7.3% YoY

Smartphone shipments reached 124.6 million units in 2019

Q4 2019 smartphone revenue was RMB30.8 billion, up 22.8% YoY
### Highest growth\(^1\) in smartphone industry in Q4 2019

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<tbody>
<tr>
<td>Apple</td>
<td>78.4</td>
<td>21.3%</td>
<td>71.7</td>
<td>19.7%</td>
<td>9%</td>
</tr>
<tr>
<td>Samsung</td>
<td>70.8</td>
<td>19.2%</td>
<td>69.9</td>
<td>19.2%</td>
<td>1%</td>
</tr>
<tr>
<td>Huawei</td>
<td>56.0</td>
<td>15.2%</td>
<td>60.5</td>
<td>16.6%</td>
<td>-7%</td>
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<tr>
<td>Xiaomi</td>
<td>33.0</td>
<td>9.0%</td>
<td>26.8</td>
<td>7.3%</td>
<td>23%</td>
</tr>
<tr>
<td>OPPO</td>
<td>30.3</td>
<td>8.2%</td>
<td>29.6</td>
<td>8.1%</td>
<td>2%</td>
</tr>
<tr>
<td>Others</td>
<td>100.2</td>
<td>27.2%</td>
<td>105.6</td>
<td>29.0%</td>
<td>-5%</td>
</tr>
<tr>
<td>Total</td>
<td>368.7</td>
<td>100.0%</td>
<td>364.1</td>
<td>100.0%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Canalys
\(^1\)Among top 5 smartphone companies by shipments
Dual-brand smartphone strategy successfully propelled Xiaomi into the high-end market

<table>
<thead>
<tr>
<th>Premium</th>
<th>RMB5,000 and above</th>
<th>Mi 10 / 10 Pro 5G</th>
<th>Mi MIX Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-end</td>
<td>RMB3,000-5,000</td>
<td>Mi 9 Pro 5G</td>
<td>Mi MIX 3 5G</td>
</tr>
<tr>
<td></td>
<td>RMB2,000-3,000</td>
<td>Mi CC9 Pro / Mi Note 10</td>
<td>Redmi K30 Pro 5G</td>
</tr>
<tr>
<td>Mid-end</td>
<td>RMB1,500-2,000</td>
<td>Mi CC9</td>
<td>Redmi Note 8 Pro</td>
</tr>
<tr>
<td></td>
<td>RMB1,000-1,500</td>
<td>Mi CC9e</td>
<td>Redmi Note 8</td>
</tr>
<tr>
<td>Entry level</td>
<td>RMB1,000 and below</td>
<td>5G models</td>
<td>Redmi 8</td>
</tr>
</tbody>
</table>

Xiaomi targets the mid- to high-end and diversified user markets

Redmi offers products with the ultimate price-performance ratio across different price points
IoT and lifestyle product revenue reached RMB62.1 billion in 2019, up 41.7% from 2018.

Q4 revenue was RMB19.5 billion, up 30.5% YoY.
Leading global consumer AIoT platform

~235 million
Connected devices\(^1\)
YoY growth of 55.6%

~4.1 million
Users with 5 or more devices connected to Xiaomi’s IoT platform\(^1\)
YoY growth of 77.3%

\(^1\)As of December 31, 2019, excluding smartphones and laptops
No.1 TV brand in mainland China, continuously expanding our presence overseas

TV shipments reached ~12.8 million units in 2019, up 51.9% YoY

No.1 TV brand in mainland China:
Xiaomi set an unprecedented record of achieving over 10 million annual shipments, accounting for 20%¹ of market share

No.1 smart TV brand in India²

No.5 TV brand globally³:
Xiaomi's overseas market expansion expected to continue in 2020

¹According to AVC, in Q4 2019, by shipments
²According to IDC, by shipments
³According to AVC, in both 2019 and Q4 2019, by shipments
Xiaomi ranked No.1 in global wearable band markets by shipments in 2019

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<tbody>
<tr>
<td>Xiaomi</td>
<td>35.6</td>
<td><strong>21.2%</strong></td>
<td>22.9</td>
<td>19.9%</td>
<td>55%</td>
</tr>
<tr>
<td>Apple</td>
<td>27.3</td>
<td>16.2%</td>
<td>21.2</td>
<td>18.4%</td>
<td>29%</td>
</tr>
<tr>
<td>Huawei</td>
<td>22.0</td>
<td>13.0%</td>
<td>9.3</td>
<td>8.1%</td>
<td>137%</td>
</tr>
<tr>
<td>Fitbit</td>
<td>16.0</td>
<td>9.5%</td>
<td>13.9</td>
<td>12.1%</td>
<td>15%</td>
</tr>
<tr>
<td>Samsung</td>
<td>9.7</td>
<td>5.8%</td>
<td>4.9</td>
<td>4.2%</td>
<td>98%</td>
</tr>
<tr>
<td>Others</td>
<td>57.8</td>
<td>34.3%</td>
<td>43.0</td>
<td>37.3%</td>
<td>34%</td>
</tr>
<tr>
<td>Total</td>
<td>168.4</td>
<td>100.0%</td>
<td>115.2</td>
<td>100.0%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Source: Canalys, wearable band includes smartwatch and basic band
MAU of AI Voice Assistant reached **60.4 million** in December 2019, up **55.7% YoY**
Internet Services
Internet services revenue reached RMB19.8 billion in 2019, up 24.4% YoY.

Q4 2019 revenue was RMB5.7 billion, up 41.1% YoY.
Strong user growth

Global MIUI MAU¹ reached 309.6 million, an increase of 27.9% YoY

Mainland China MIUI MAU¹ was 109.0 million

TV MAU² grew 49.1% YoY to 27.7 million

¹In December as of respective years
²In December as of respective years, including both TV and TV box users
Advertising revenue increased quarter by quarter in 2019 amid challenging environment in China
Increasingly diversified revenue streams driving sustained revenue growth

In Q4 2019, ~43.0% of internet services revenue was from internet services outside of advertising and gaming from mainland China smartphones, with YoY growth of 112.6%
Overseas
Expanding our global footprint
- Strong growth momentum in overseas markets

Smartphones sold in 90+ markets

Ranked top 5 by smartphone shipments in 45 markets\(^1\)

Overseas revenue reached RMB91.2 billion in 2019, up 30.4% YoY

\(^1\)In 2019, according to Canalys, by shipments
Overseas revenue in Q4 2019 was RMB26.4 billion, up 40.7% YoY, accounting for 46.8% of total revenue.
India’s No.1 Smartphone Brand

10 consecutive quarters: Q3 2017 to Q4 2019
Q4 2019 market share: 29%

Source: IDC
Further expanding our market share in Western Europe

### Western Europe smartphone market share

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>Q4 2019 Market Share</th>
<th>Shipments YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Apple</td>
<td>37%</td>
<td>24%</td>
</tr>
<tr>
<td>#2</td>
<td>Samsung</td>
<td>31%</td>
<td>7%</td>
</tr>
<tr>
<td>#3</td>
<td>Huawei</td>
<td>12%</td>
<td>-39%</td>
</tr>
<tr>
<td>#4</td>
<td>Xiaomi</td>
<td>7%</td>
<td><strong>115%</strong></td>
</tr>
</tbody>
</table>

### Spain smartphone market share

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>Q4 2019 Market Share</th>
<th>Shipments YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Samsung</td>
<td>24%</td>
<td>11%</td>
</tr>
<tr>
<td>#2</td>
<td>Xiaomi</td>
<td><strong>23%</strong></td>
<td><strong>66%</strong></td>
</tr>
<tr>
<td>#3</td>
<td>Apple</td>
<td>20%</td>
<td>8%</td>
</tr>
<tr>
<td>#4</td>
<td>Huawei</td>
<td>18%</td>
<td>-10%</td>
</tr>
</tbody>
</table>

### France smartphone market share

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>Q4 2019 Market Share</th>
<th>Shipments YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Samsung</td>
<td>34%</td>
<td>8%</td>
</tr>
<tr>
<td>#2</td>
<td>Apple</td>
<td>33%</td>
<td>45%</td>
</tr>
<tr>
<td>#3</td>
<td>Huawei</td>
<td>11%</td>
<td>-42%</td>
</tr>
<tr>
<td>#4</td>
<td>Xiaomi</td>
<td>8%</td>
<td><strong>70%</strong></td>
</tr>
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### Italy smartphone market share

<table>
<thead>
<tr>
<th>Rank</th>
<th>Vendor</th>
<th>Q4 2019 Market Share</th>
<th>Shipments YoY Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Samsung</td>
<td>37%</td>
<td>0%</td>
</tr>
<tr>
<td>#2</td>
<td>Apple</td>
<td>21%</td>
<td>1%</td>
</tr>
<tr>
<td>#3</td>
<td>Huawei</td>
<td>18%</td>
<td>-33%</td>
</tr>
<tr>
<td>#4</td>
<td>Xiaomi</td>
<td>11%</td>
<td><strong>206%</strong></td>
</tr>
</tbody>
</table>

Source: Canalys
Financials
Gross margins by segment increased in 2019

Internet services
- 2018: 64.4%
- 2019: 64.7%

IoT and lifestyle products
- 2018: 10.3%
- 2019: 11.2%
- Q4 2018: 10.6%
- Q4 2019: 9.4%

Smartphone
- 2018: 6.2%
- 2019: 7.2%
- Q4 2018: 6.1%
- Q4 2019: 7.8%
Operating expense ratio increased due to continuous investment in R&D and brand building overseas

R&D expenses increased **29.7%** YoY in 2019
Healthy working capital with a decline in inventory turnover days

<table>
<thead>
<tr>
<th></th>
<th>AR turnover days</th>
<th>Inventory turnover days</th>
<th>AP turnover days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2018</td>
<td>14</td>
<td>65</td>
<td>115</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>13</td>
<td>54</td>
<td>101</td>
</tr>
</tbody>
</table>
Strong cash flow performance

2019 adjusted operating cash flow
RMB billion

Net cash generated from operating activities | Adjusted operating cash flow
---|---
23.8 | 3.3 | 27.1

Q4 2019 adjusted operating cash flow
RMB billion

Net cash generated from operating activities | Adjusted operating cash flow
---|---
9.9 | 1.4 | 11.3

1Including (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
Adequate cash and assets enable us to weather through volatile markets

Cash resources\(^1\)
- *RMB66.0 billion*

Book value of investment portfolio\(^2\)
- *RMB30.0 billion*

Book value of office and other real estate\(^3\)
- *RMB11.3 billion*

Financial debt
- *RMB17.6 billion*

\(^1\)The cash resources which the Group considered in cash management including but not limited to cash and cash equivalents, restricted cash, short-term bank deposits, short-term investments measured at fair value through profit or loss and long-term bank deposits.

\(^2\)Including long-term investments measured at fair value through profit or loss and investment accounted for using the equity method

\(^3\)Book value at cost

**RMB89.7 billion**

Yearly increased RMB**24.9 billion**
The first Xiaomi ecosystem company listed on STAR market

Roborock was the first Xiaomi ecosystem company listed on Shanghai Stock Exchange Science and Technology Innovation Board (STAR market), indicating that Xiaomi’s ecosystem business model is recognized by the Chinese capital markets.

RMB33.3 billion 11.85%
Roborock market capitalization\(^1\)  Xiaomi’s stake in Roborock\(^2\)

Xiaomi has invested in over 290 companies, book value of investments\(^3\) reached RMB30.0 billion as of Q4 2019

\(^1\)Based on closing price on the day of IPO
\(^2\)As of December 31, 2019
\(^3\)Include investments accounted for using the equity method and long-term investments measured at fair value through profit or loss