



Xiaomi Corporation

Q3 2019 Results Announcement

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1	Workday VITALITY SCORE: 4.1 INFORMATION TECHNOLOGY	18	Alphabet 2.0 COMMUNICATION SERVICES	27	Autodesk 1.6 INFORMATION TECHNOLOGY	36	Fortive 1.4 INDUSTRIALS	45	Longfor Group Holdings 1.2 REAL ESTATE
2	Square 3.7 INFORMATION TECHNOLOGY	10	Vertex Pharmaceuticals 2.6 HEALTH CARE	19	NetEase 2.0 COMMUNICATION SERVICES	28	Illumina 1.6 HEALTH CARE	37	Wuliangye Yibin 1.4 CONSUMER STAPLES
3	ServiceNow 3.7 INFORMATION TECHNOLOGY	11	Alibaba Group Holding 2.4 CONSUMER DISCRETIONARY	20	Dassault Systèmes 1.9 INFORMATION TECHNOLOGY	29	Edwards Lifesciences 1.6 HEALTH CARE	38	Paychex 1.4 INFORMATION TECHNOLOGY
4	Contemporary Amperex Technology 3.4 INDUSTRIALS	12	Tencent Holdings 2.1 COMMUNICATION SERVICES	21	Intuit 1.9 INFORMATION TECHNOLOGY	30	Transurban 1.6 INDUSTRIALS	39	Kweichow Moutai 1.3 CONSUMER STAPLES
5	Spotify 3.4 COMMUNICATION SERVICES	13	Twitter 2.1 COMMUNICATION SERVICES	22	China Tower 1.9 COMMUNICATION SERVICES	31	Amazon.com 1.6 CONSUMER DISCRETIONARY	40	Rakuten 1.3 CONSUMER DISCRETIONARY
6	Atlassian 3.2 INFORMATION TECHNOLOGY	14	Jiangsu Hengrui Medicine 2.1 HEALTH CARE	23	Intuitive Surgical 1.8 HEALTH CARE	32	S.F. Holding 1.5 INDUSTRIALS	41	Alexion Pharmaceuticals 1.3 HEALTH CARE
7	Xiaomi 3.0 INFORMATION TECHNOLOGY	15	Foshan Haitian Flavouring & Food 2.0 CONSUMER STAPLES	24	PayPal 1.8 INFORMATION TECHNOLOGY	33	Expedia 1.5 CONSUMER DISCRETIONARY	42	VMware 1.3 INFORMATION TECHNOLOGY
8	Ctrip.com International 2.6 CONSUMER DISCRETIONARY	16	Live Nation Entertainment 2.0 COMMUNICATION SERVICES	25	Adobe 1.8 INFORMATION TECHNOLOGY	34	BDE Technology Group 1.5 INFORMATION TECHNOLOGY	43	Visa 1.3 INFORMATION TECHNOLOGY
9	Salesforce 2.6 INFORMATION TECHNOLOGY	17	Xilinx 2.0 INFORMATION TECHNOLOGY	26	Nvidia 1.7 INFORMATION TECHNOLOGY	35	Yonghui Superstores 1.4 CONSUMER STAPLES	44	Booking Holdings 1.3 CONSUMER DISCRETIONARY



FORTUNE THE FUTURE 50

Xiaomi's first smartphone launched in 2011, and it now enjoys a spot in China's top four largest smartphone brands. It also has a sizable overseas expansion: Xiaomi phones hold the largest market share in India, one of the fastest-growing smartphone markets in the world. Xiaomi's financial record is still relatively short —it went public just over a year ago—but diversifying its brand with smart-home devices, an addition to its Internet of things ecosystem, should help growth average 20% in the next two years.

Catch up with [Data Sheet](#), Fortune's daily digest on the business of tech.

Xiaomi debuts and ranks 7th on the Fortune's Future 50 List



Xiaomi ranks **57th**
in *Forbes Top 100*
Digital Companies
2019

Mi 9 Pro 5G



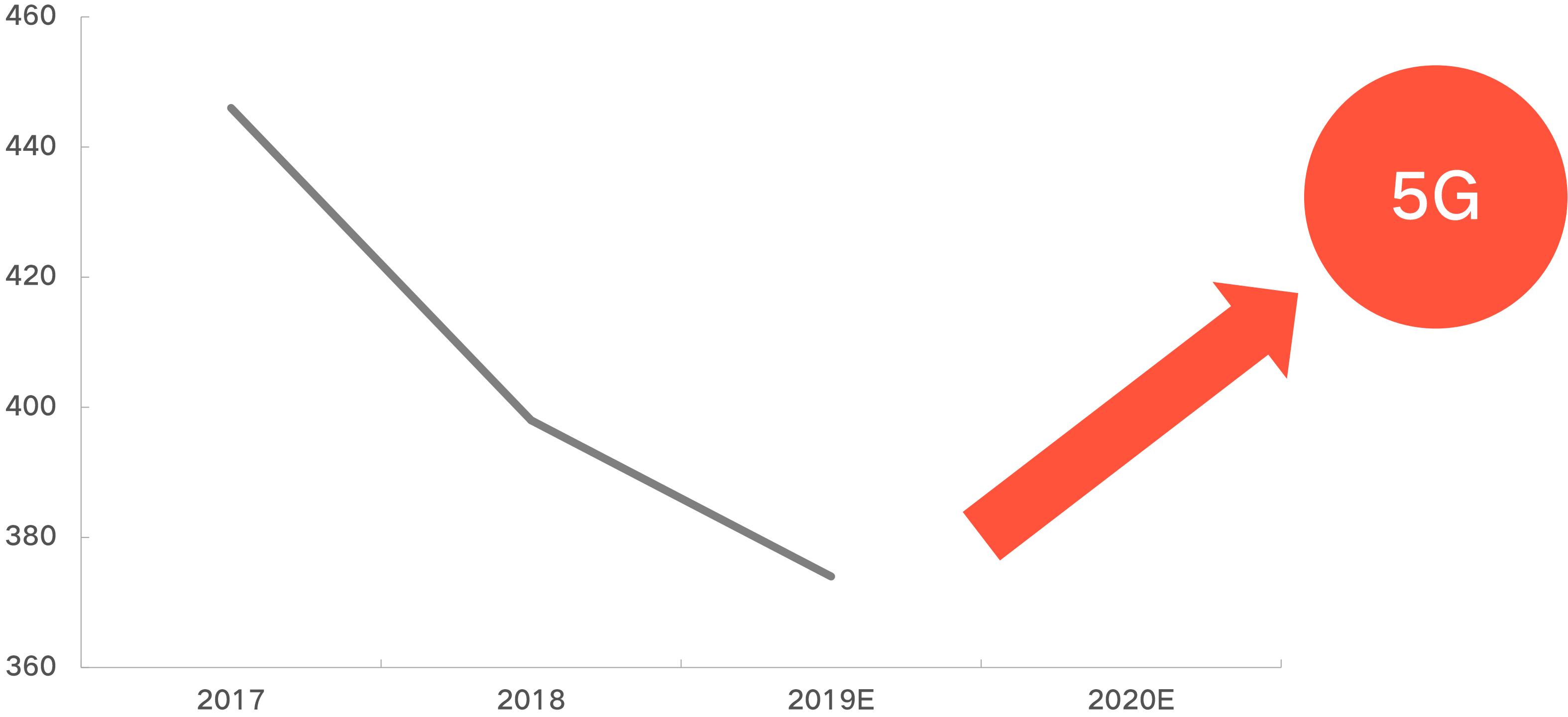
5G: New era arrives

We released our first 5G smartphone **Mi 9 Pro** in China on September 24th 2019, which was well received by the market

5G to bring new growth opportunities to China smartphones



China smartphone shipments¹
million units



¹According to IDC

Innovation:
Relentlessly pursuing
advanced technologies
Mi MIX Alpha

World's first surround display smartphone with
180.6% of screen-to-body ratio



Innovation:
Relentlessly pursuing
advanced technologies
Mi CC9 Pro / Mi Note 10

The first smartphone to sport the
108MP penta-camera





DXOMARK
CAMERA

No.1 in overall camera score,
video, zoom, and texture

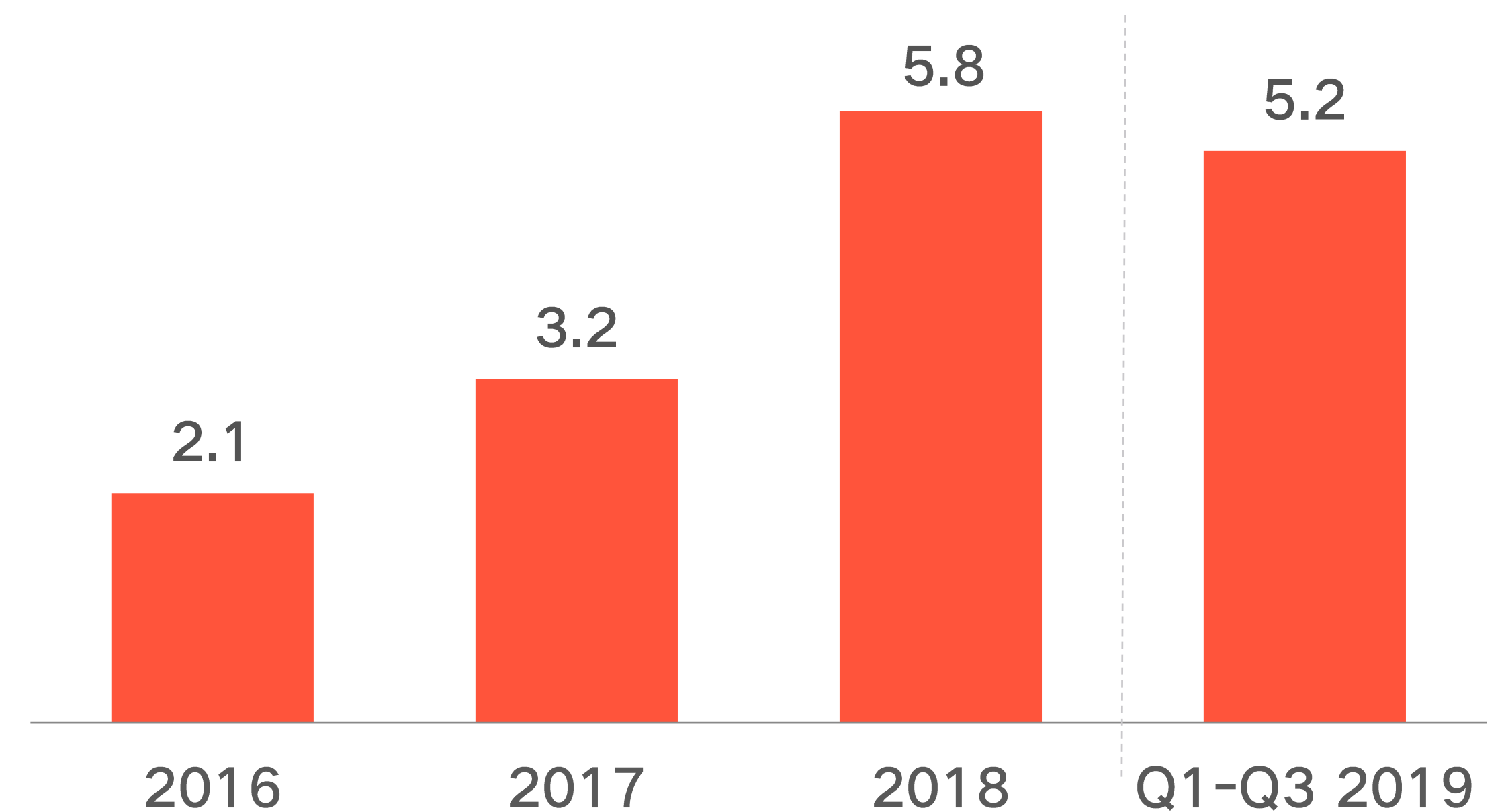
DXOMARK			
MOBILE	CAMERA	SELFIE	AUDIO
Huawei Mate 30 Pro	121	93	
Xiaomi Mi CC9 Pro Premiu...	121		
Apple iPhone 11 Pro Max	117		71
Samsung Galaxy Note 10+ ...	117	99	66
Samsung Galaxy Note 10+	117		66

Continued to invest in R&D

R&D expenses
RMB billion

Accumulative R&D expenses
from 2016 to Q3 2019 reached
RMB16.3 billion

R&D expenses increased
32.5% YoY in Q3 2019



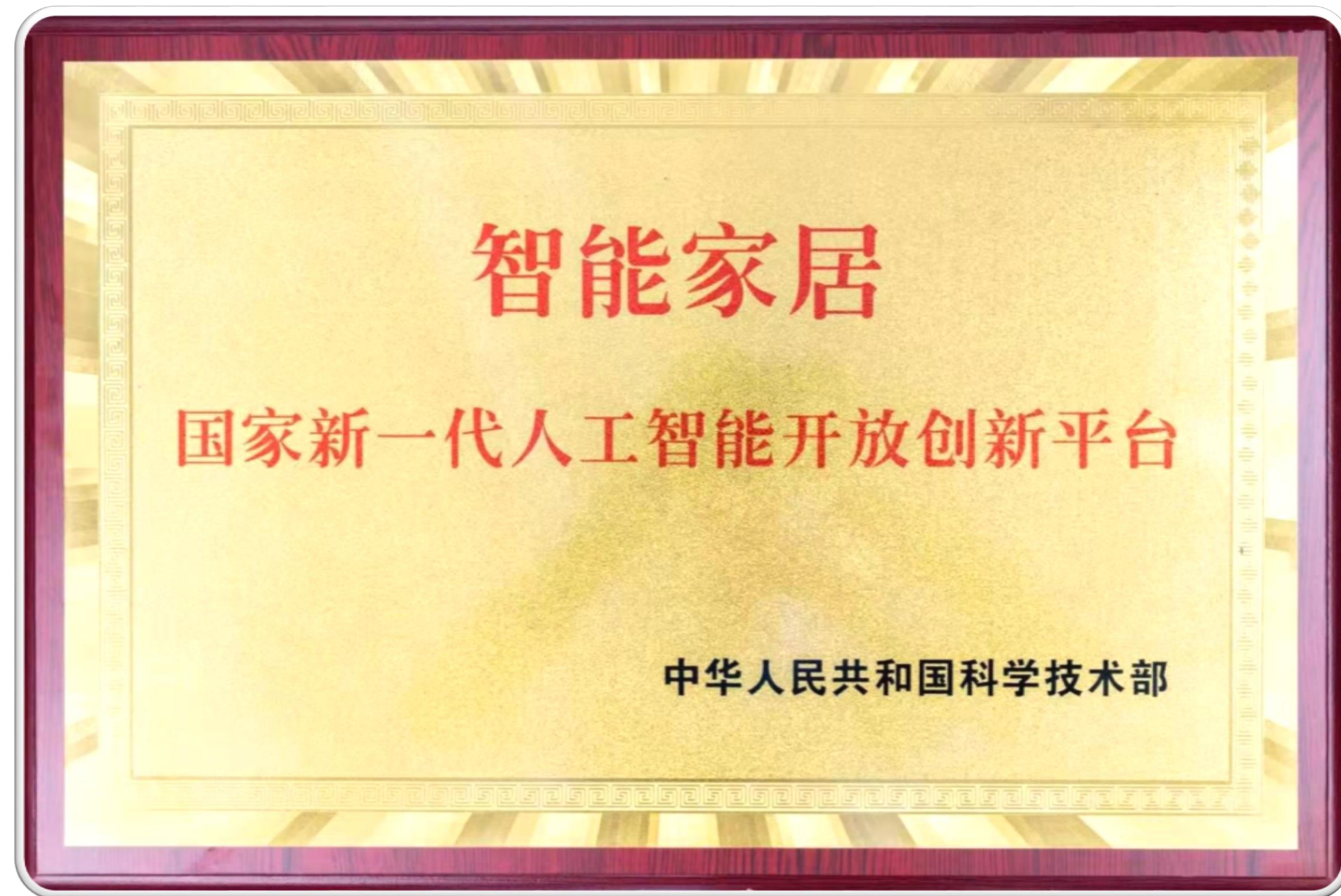
AIoT: Leading global consumer IoT platform

~213 million

Connected devices¹
YoY growth of 62.0%

~3.5 million

Users with 5 or more devices
connected to Xiaomi's IoT platform¹
YoY growth of 78.7%

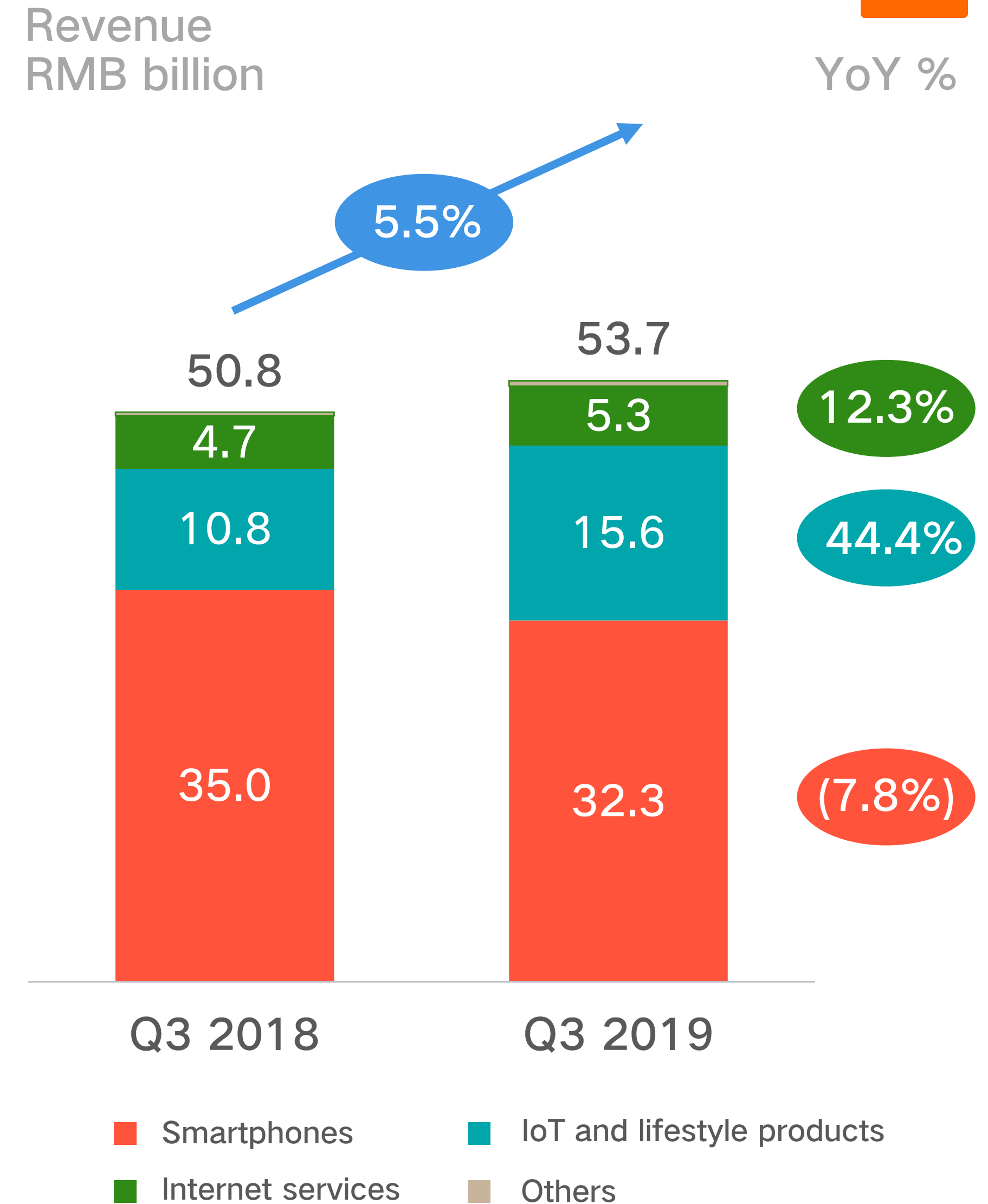


AIoT:
Listed on *National Open
Innovation Platforms for Next
Generation AI* for achievements in
smart home on August 29th 2019

Q3 2019

Total revenue **RMB53.7 billion**
YoY growth of **5.5%**

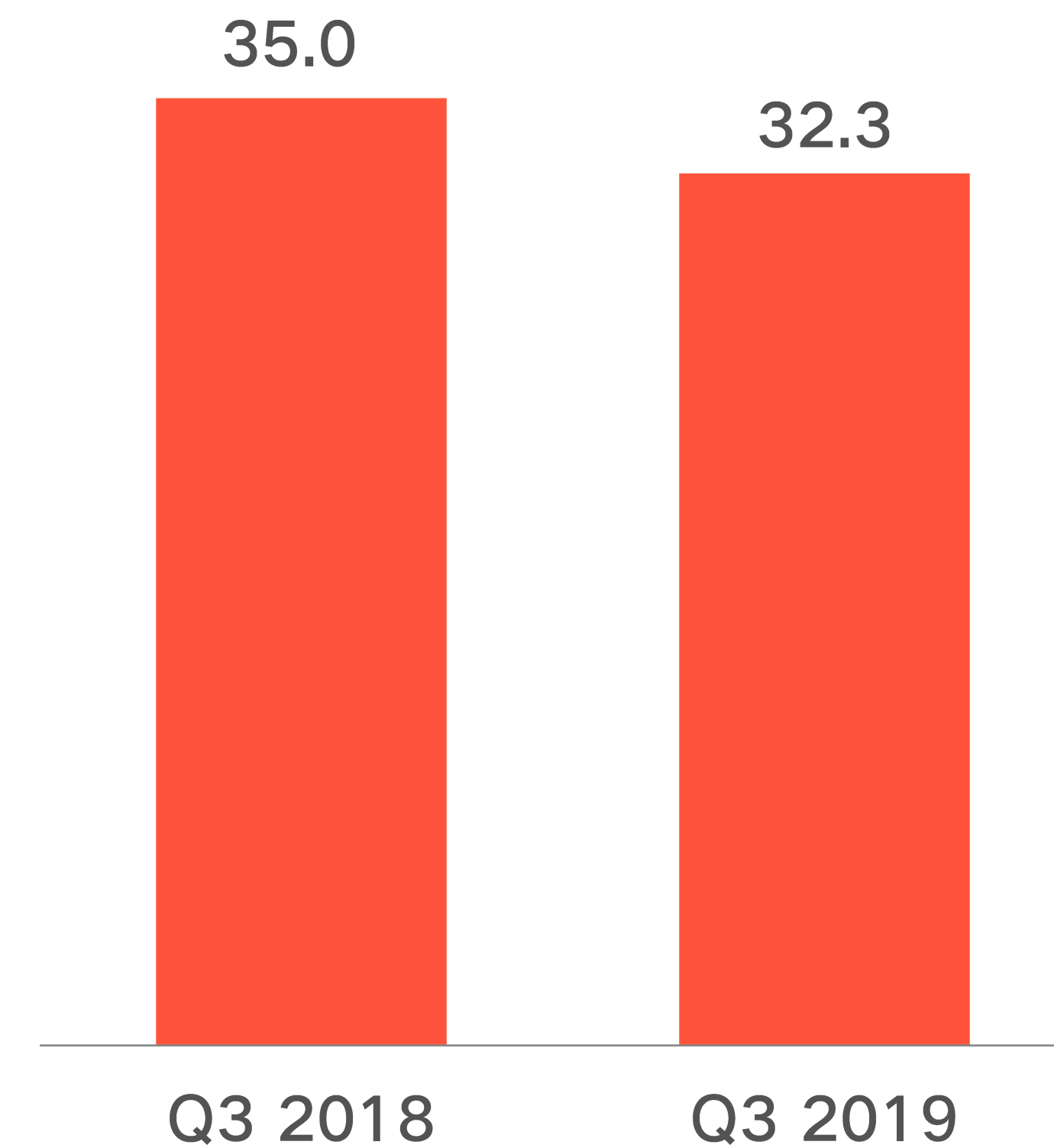
Adjusted net profit¹ **RMB3.5 billion**
YoY growth of **20.3%**



¹Defined 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

Smartphones

Smartphone revenue
RMB billion

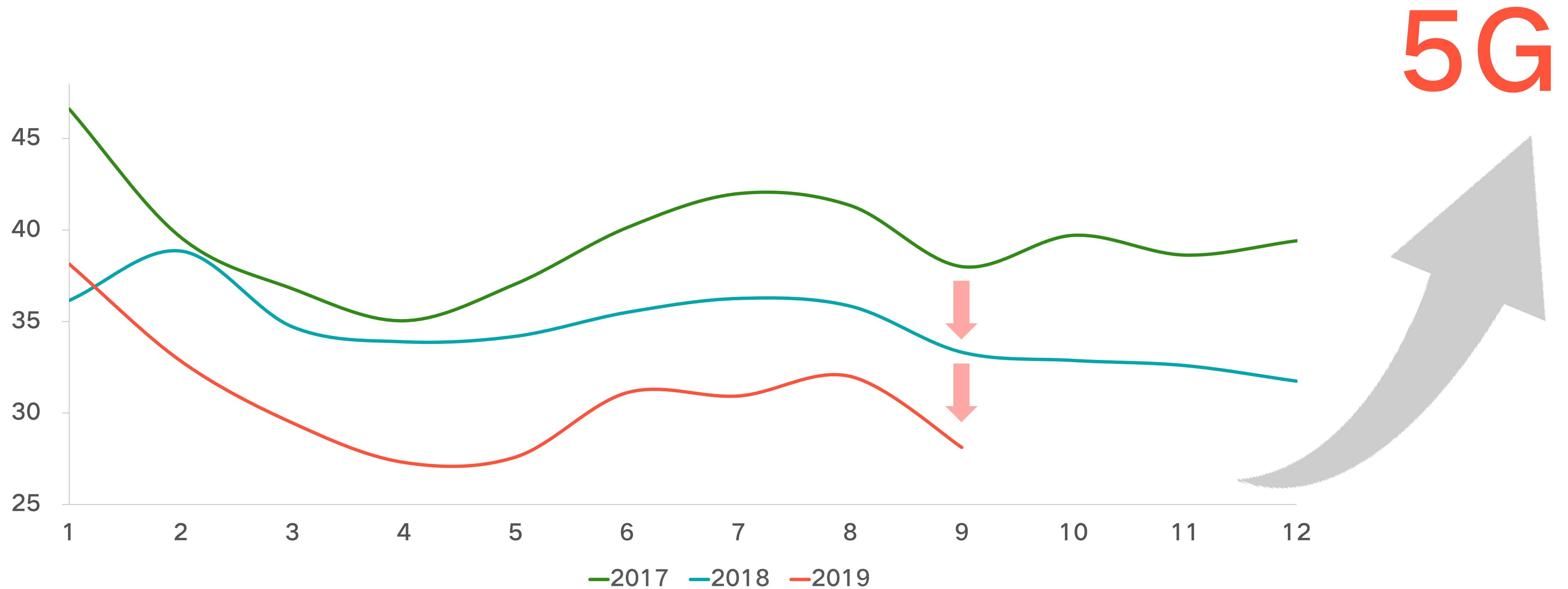


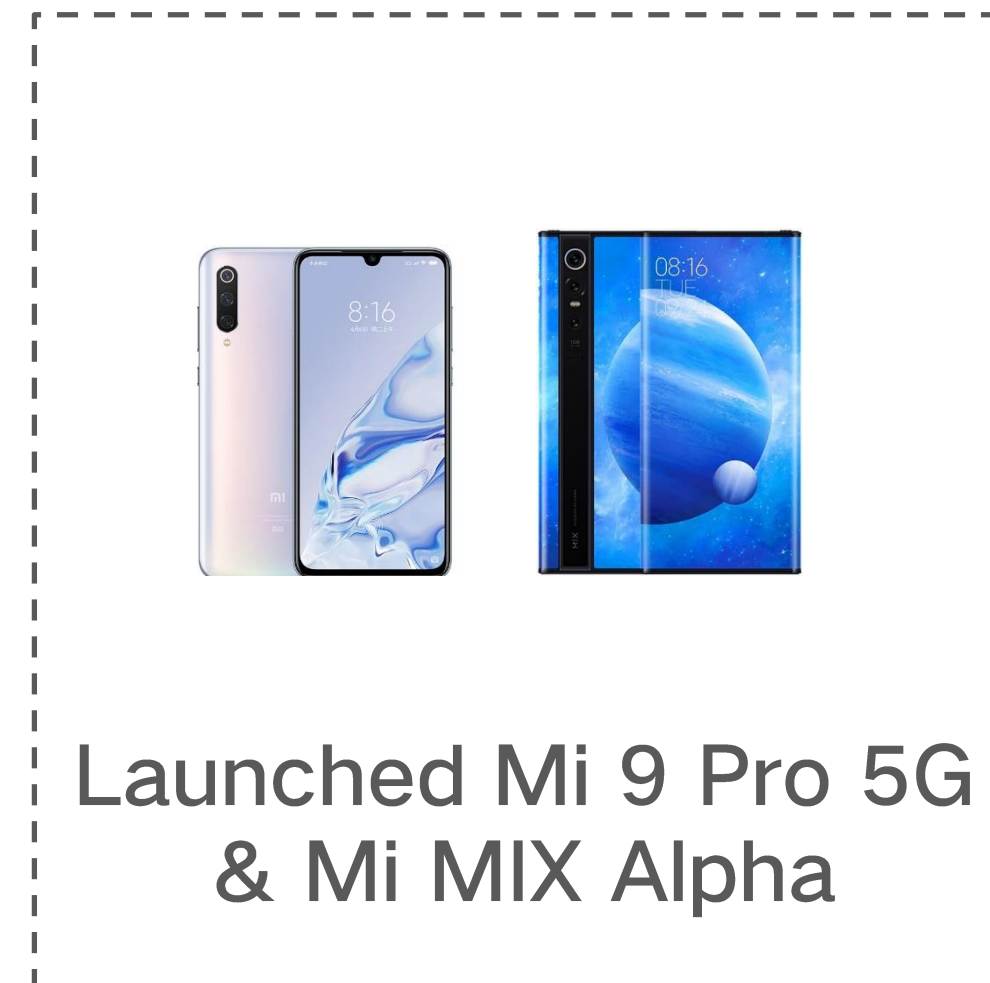
Smartphone revenue reached **RMB32.3 billion** in Q3 2019

Xiaomi sold **~32.1 million** units of smartphones in Q3 2019

China 5G smartphone replacement cycle to kick off in 2020

2017-2019 mainland China smartphone shipments
million units





Xiaomi to launch 10+ 5G
models in 2020



Granting of 5G commercial licenses in
mainland China

5G preparation and technology development

4G - 5G transition

5G take off in China

Devoted to bringing 5G smartphones to the mass market



Mi 1
RMB 1,999

2011
Launched flagship smartphone at the price of less than RMB2,000



Redmi Note 3
RMB 899+

2016
Launched smartphone with fingerprint scanner at the price of less than RMB1,000



Redmi Note 7
RMB 999+

2019
Launched smartphone equipped with 48MP camera at the price of less than RMB1,000



Redmi Note 8 Pro
RMB 1,399+

2019
Launched 64MP quad-camera smartphone at the price of less than RMB1,500



Mi 9 Pro 5G
RMB 3,699+

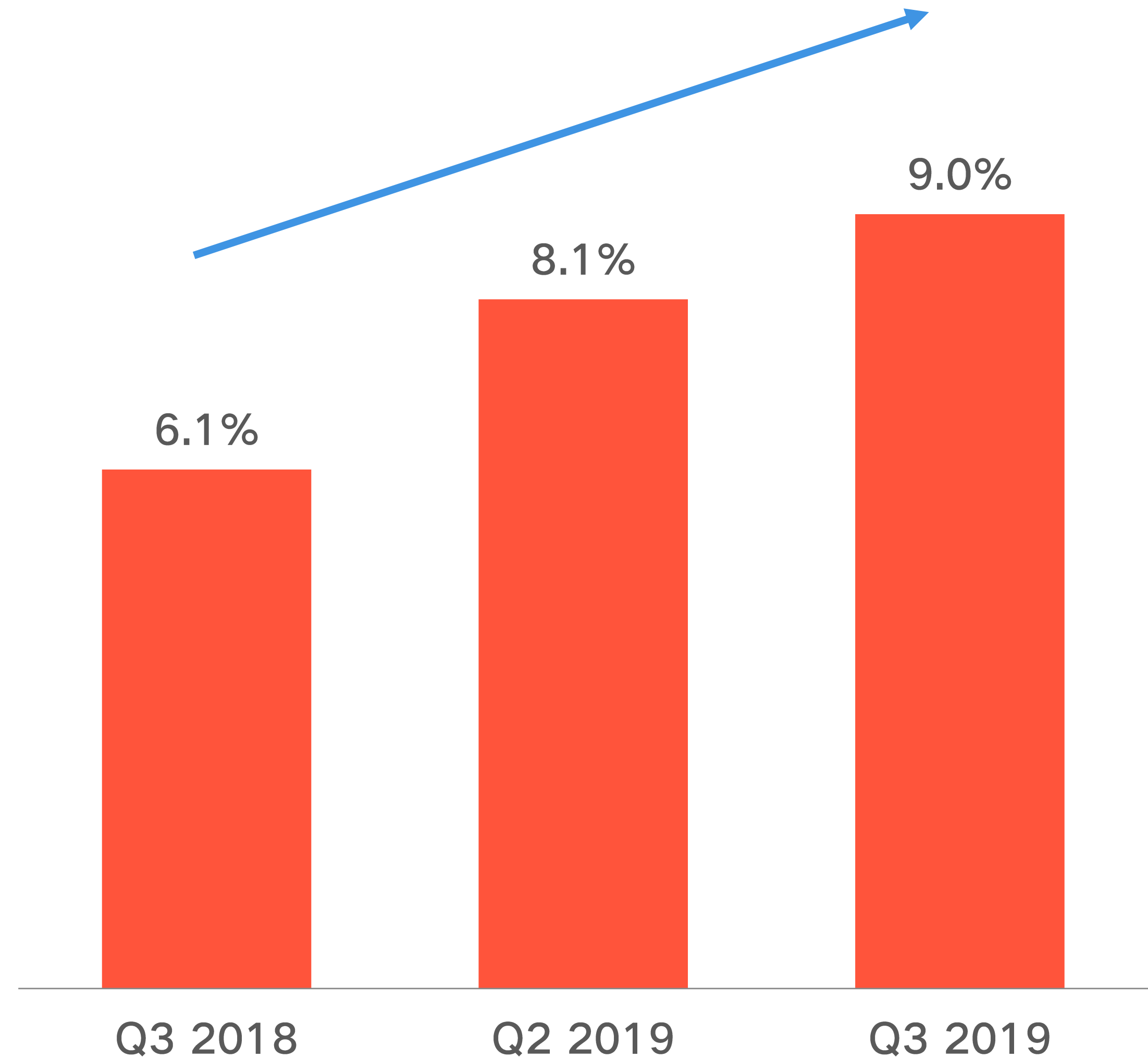
2019
Launched 5G smartphone at the price of less than RMB3,700



Our efficient business model is well equipped to deliver 5G technology to the mass market

Our mission:
**Relentlessly build amazing products with
honest prices to let everyone in the world enjoy
a better life through innovative technology**

Smartphone gross margin



Current focus on healthy operation leads to continued margin expansion

Continues to execute smartphone multi-brand strategy: smartphone models launched since Q2



Continued to establish Xiaomi in the mid- to high-end and diversified user markets

Mid- to high-end



Mi MIX Alpha



Mi 9 Pro

Diversified user markets



Mi CC9 Pro / Mi Note 10



Continued to offer products with the ultimate price-performance ratio across all major price points

Flagship



Redmi K20 Pro Premium Edition

Mid-range



Redmi Note 8 Pro



Redmi Note 8

Entry level



Redmi 8

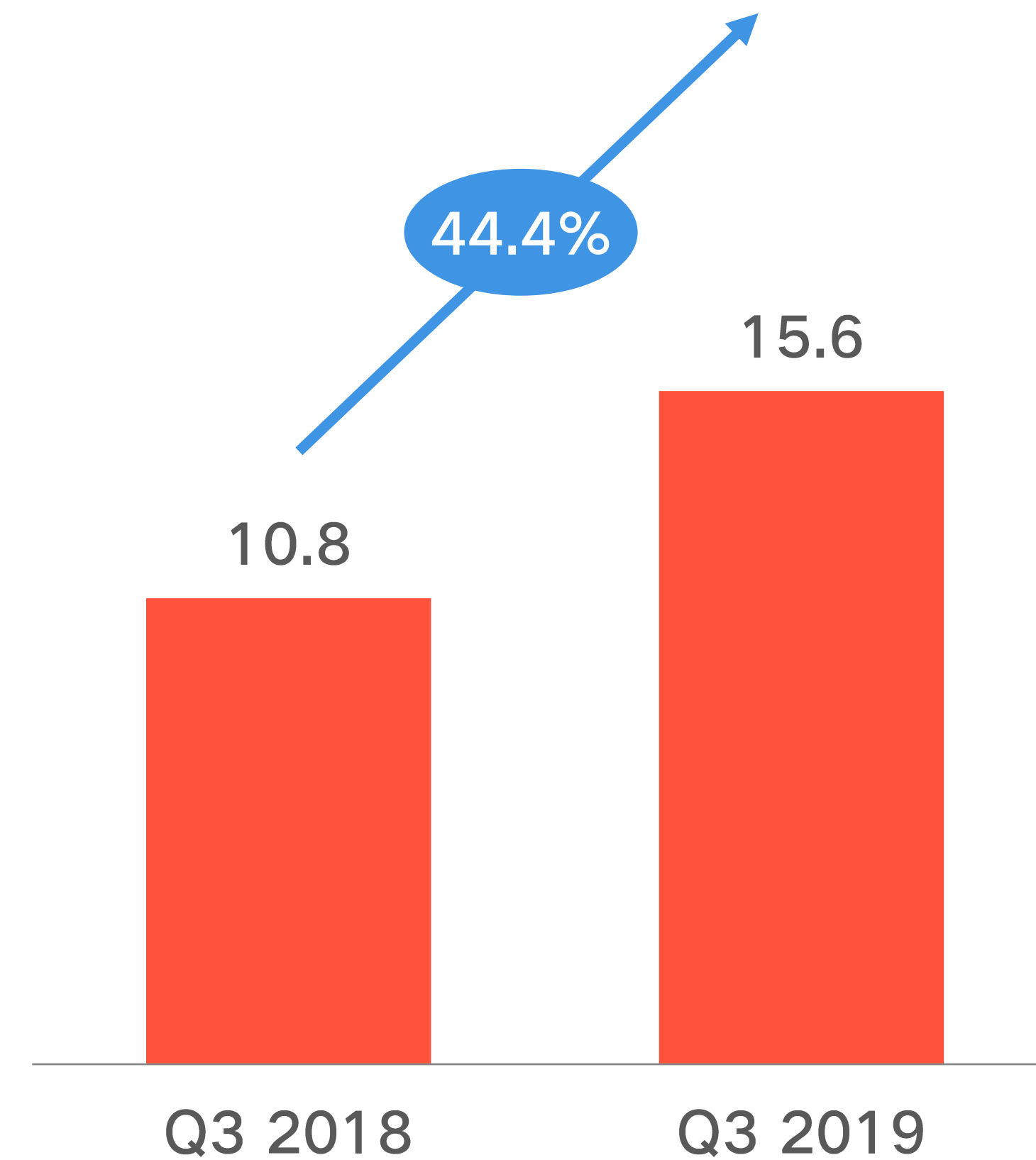


Redmi 8A

AIoT

IoT and lifestyle product revenue
RMB billion

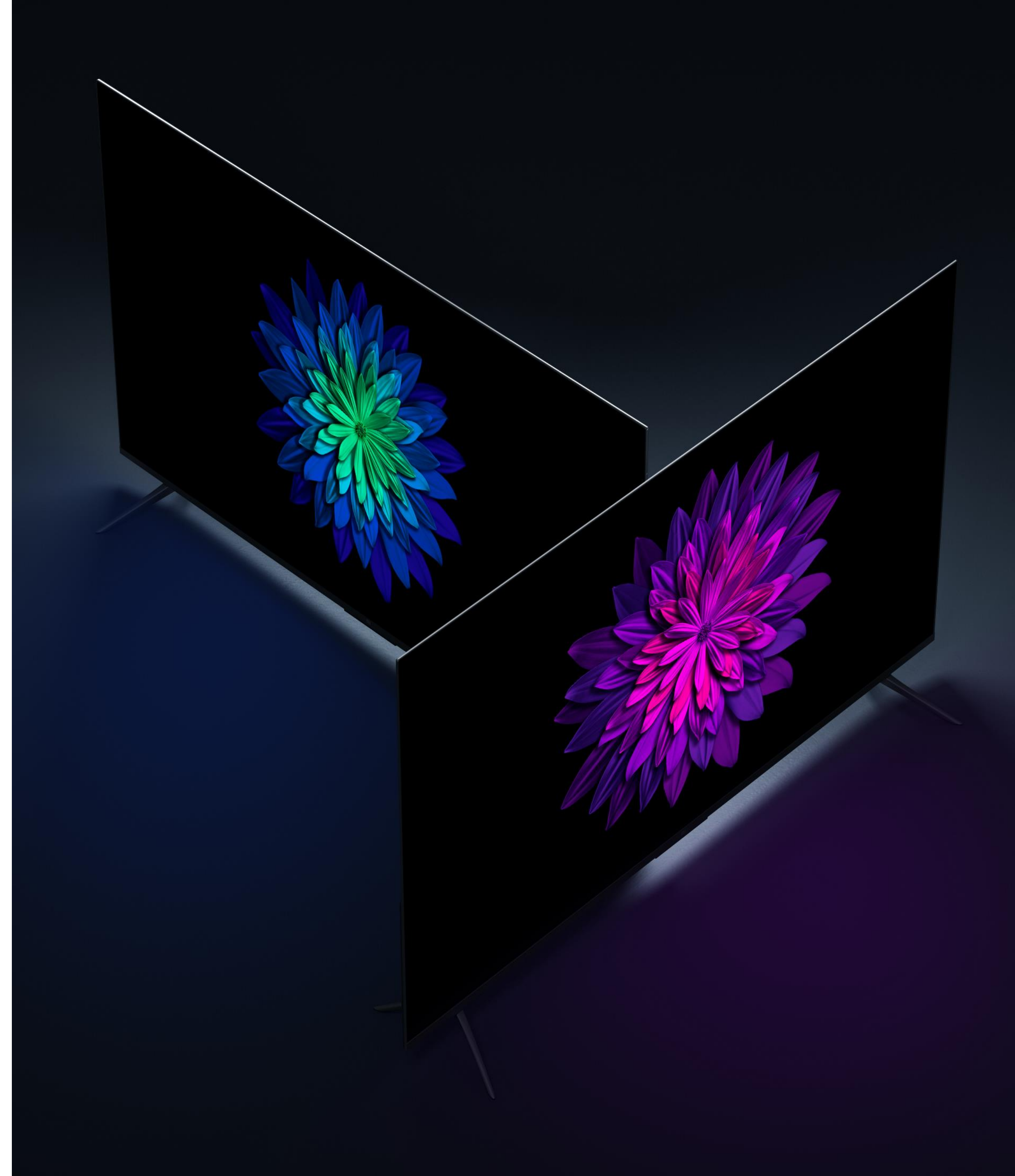
IoT and lifestyle product revenue reached **RMB15.6 billion** in Q3 2019, representing a YoY growth of **44.4%**



Smart TV shipments reached **~3.1 million** units with YoY growth of **59.8%** in Q3 2019

Ranked **No.1** by shipments in mainland China and **No.5** globally in Q3 2019¹

We launched Mi TV 5 series on November 5, 2019, an all-round upgrade for the future home



¹According to AVC

Further expansion into home appliances

We launched **Mi Refrigerator** on October 11, 2019



We launched Xiaomi's first smartwatch **Mi Watch** on November 5, 2019

The device is equipped with **MIUI For Watch** and marks our entry into the smartwatch category after our success of Mi Band



57.9 million AI Assistant MAU¹,
representing a YoY growth of **68.6%**

AI touchscreen speaker won *2019 Red Dot Design Award, the US Industrial Design Excellence Award and the Good Design Award*

¹In September 2019



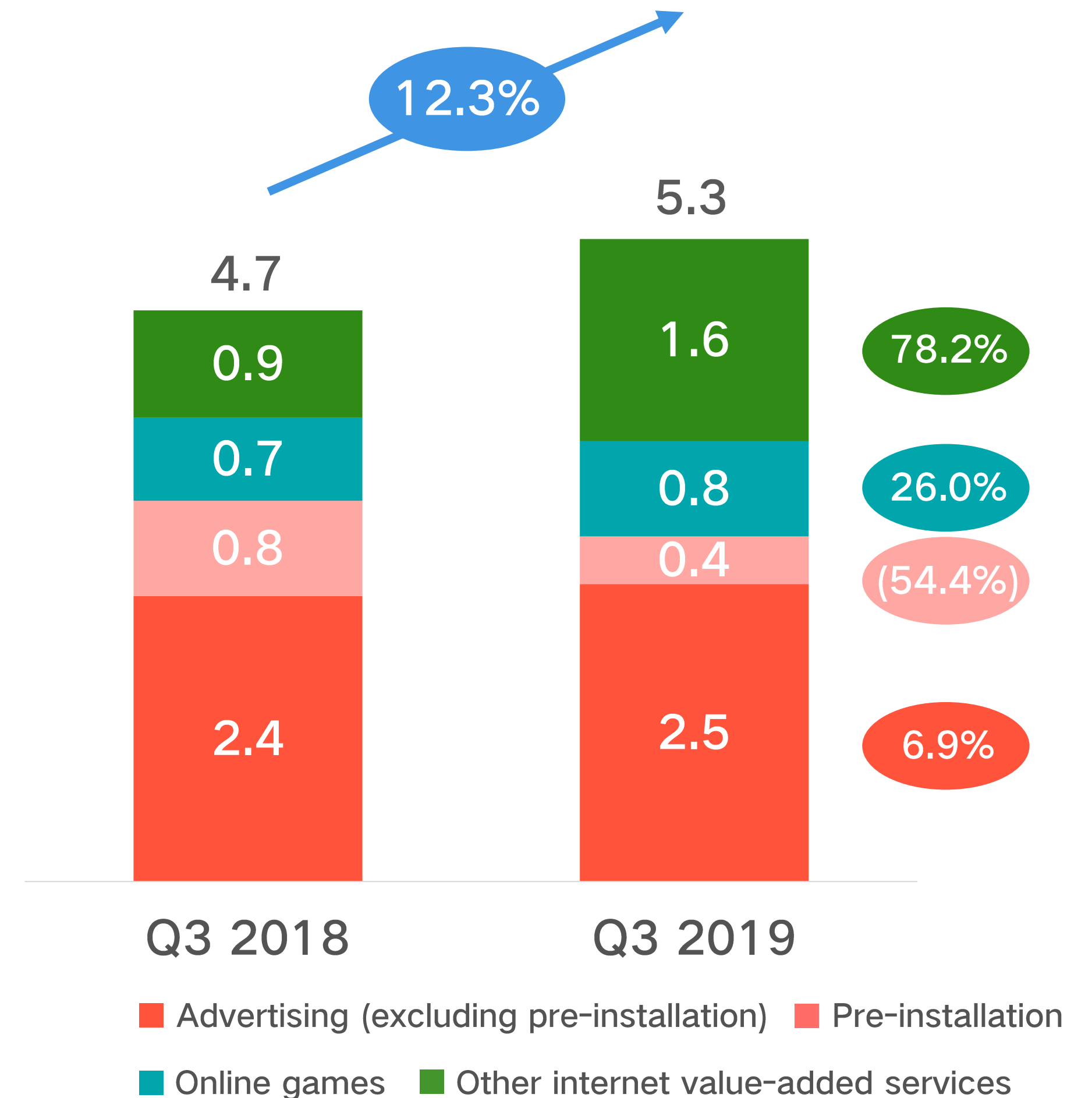
Internet Services

Internet service revenue
RMB billion

YoY %

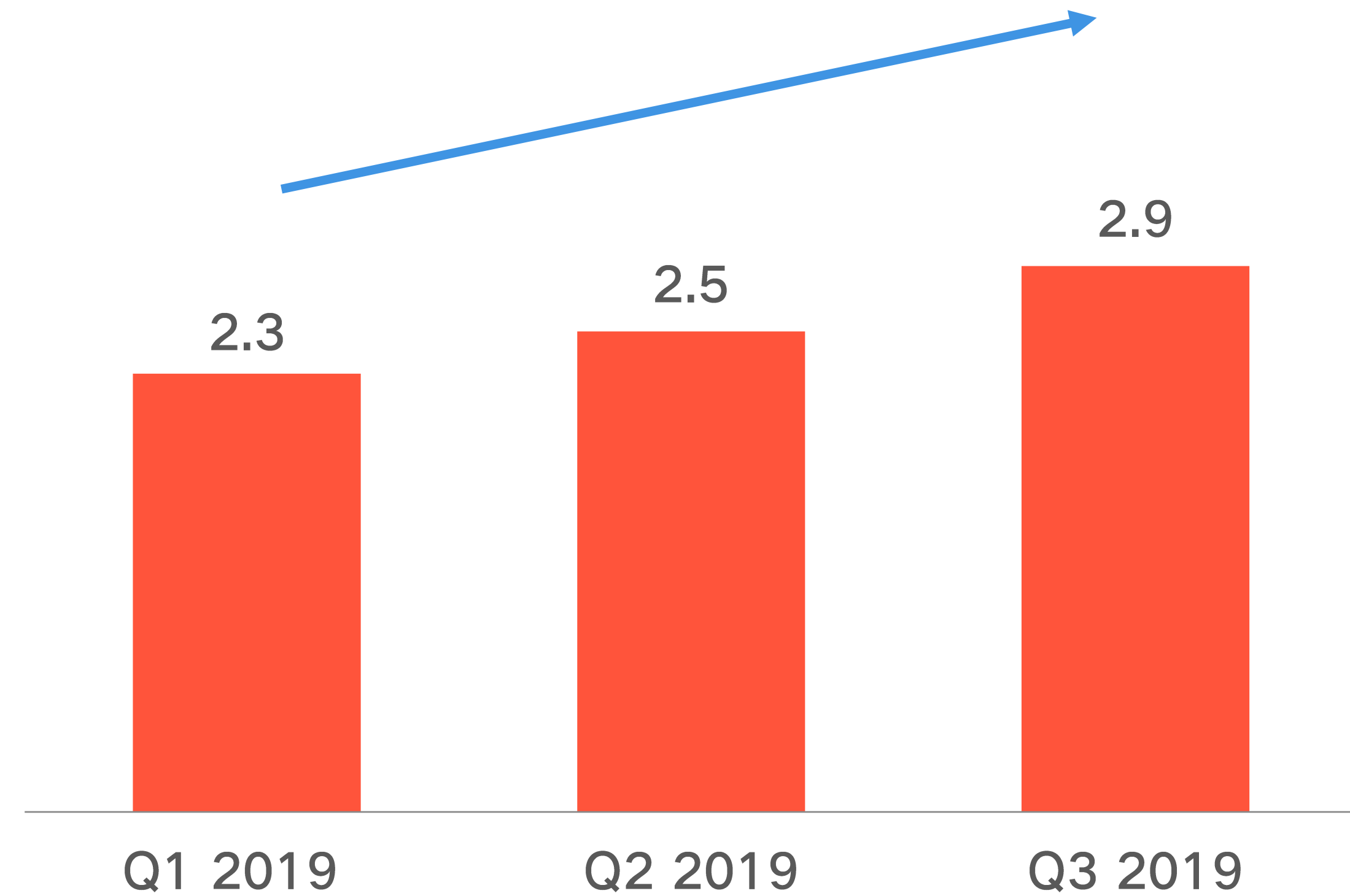
Internet service revenue reached **RMB5.3 billion** in Q3 2019, representing a YoY growth of **12.3%**

Advertising revenue excluding pre-installation achieved positive YoY growth of **6.9%**



Advertising revenue
RMB billion

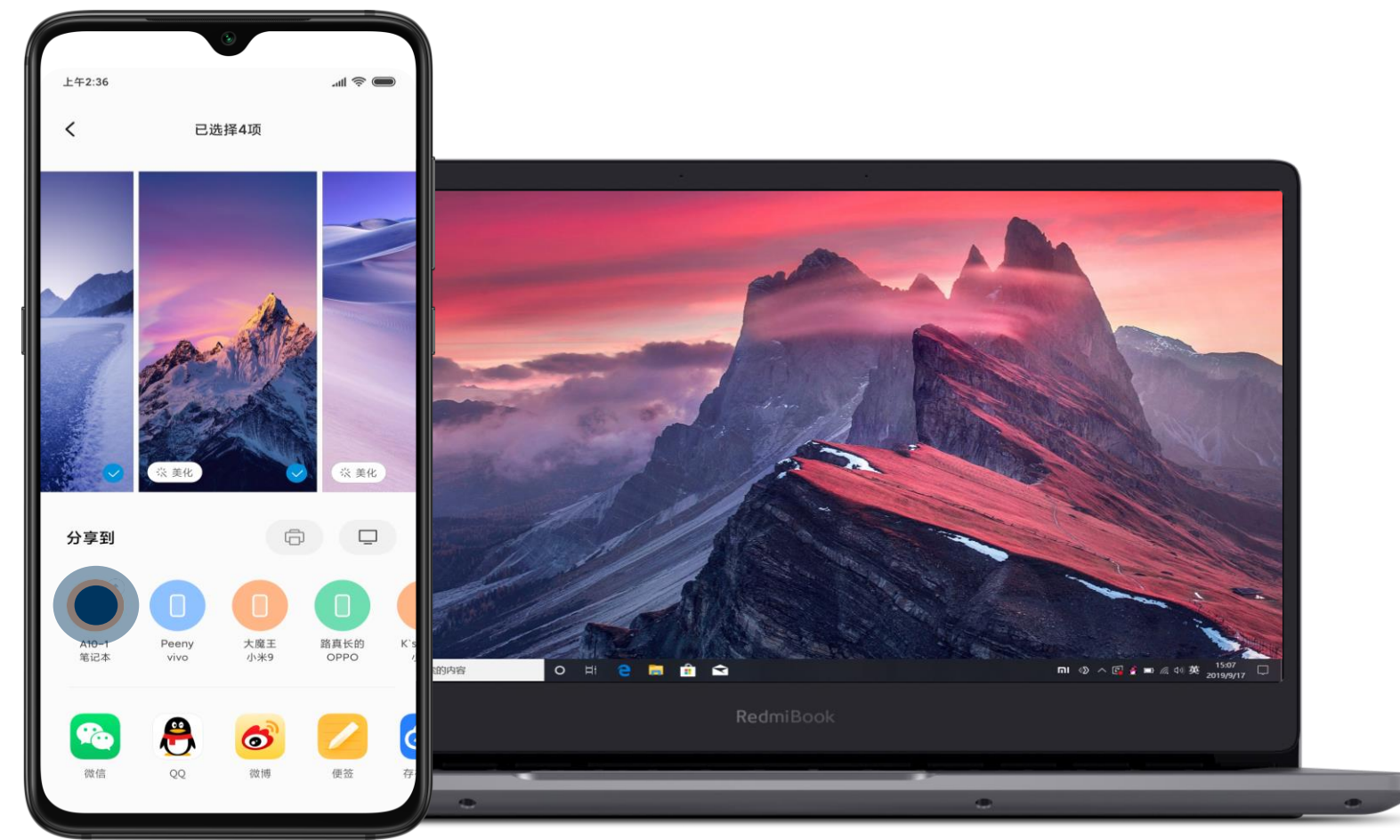
Advertising revenue increased quarter by quarter in 2019 amid challenging environment in China



MIUI 11 brings better user experience



Minimalistic design



Efficiency & Connectivity

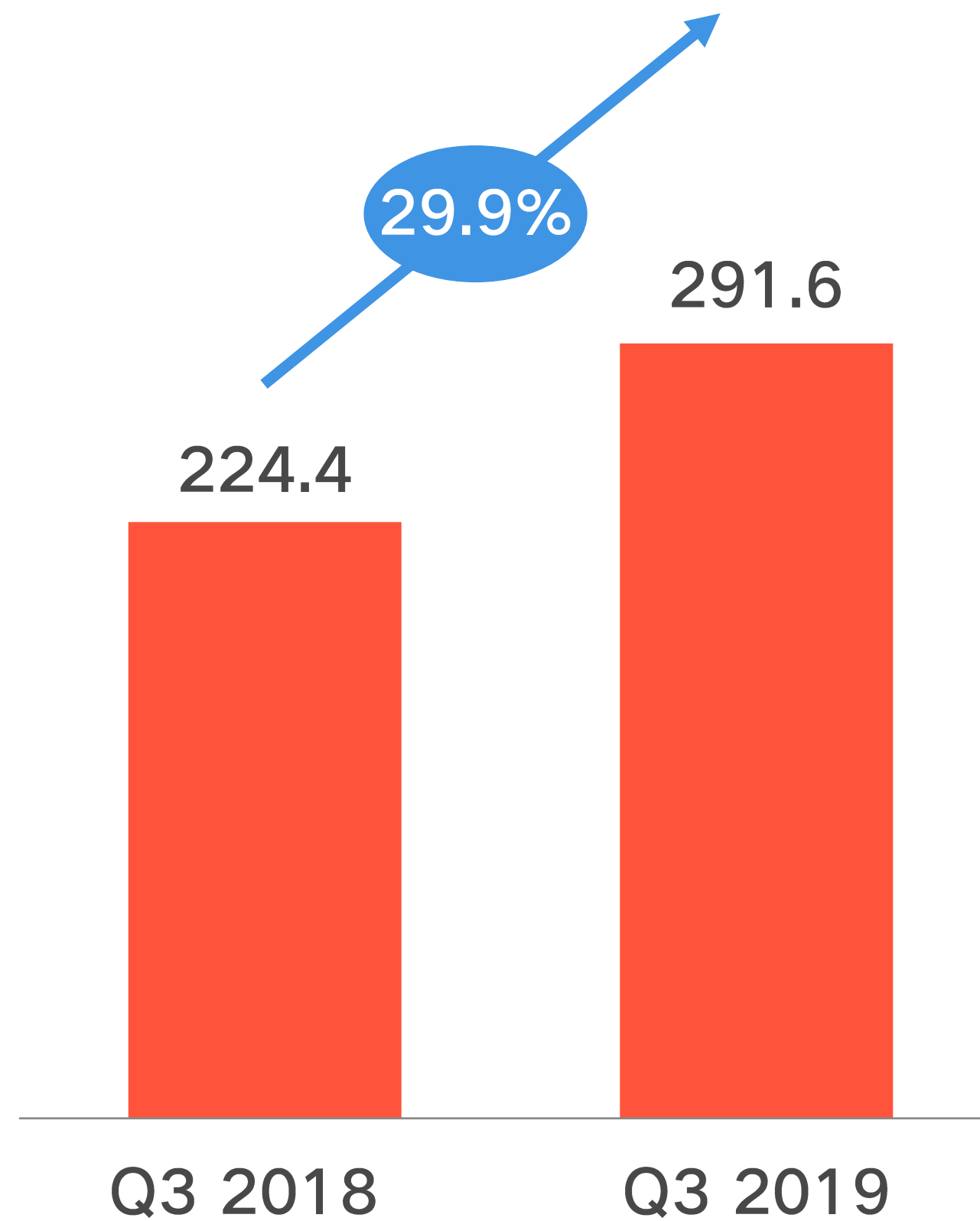


Smart travel

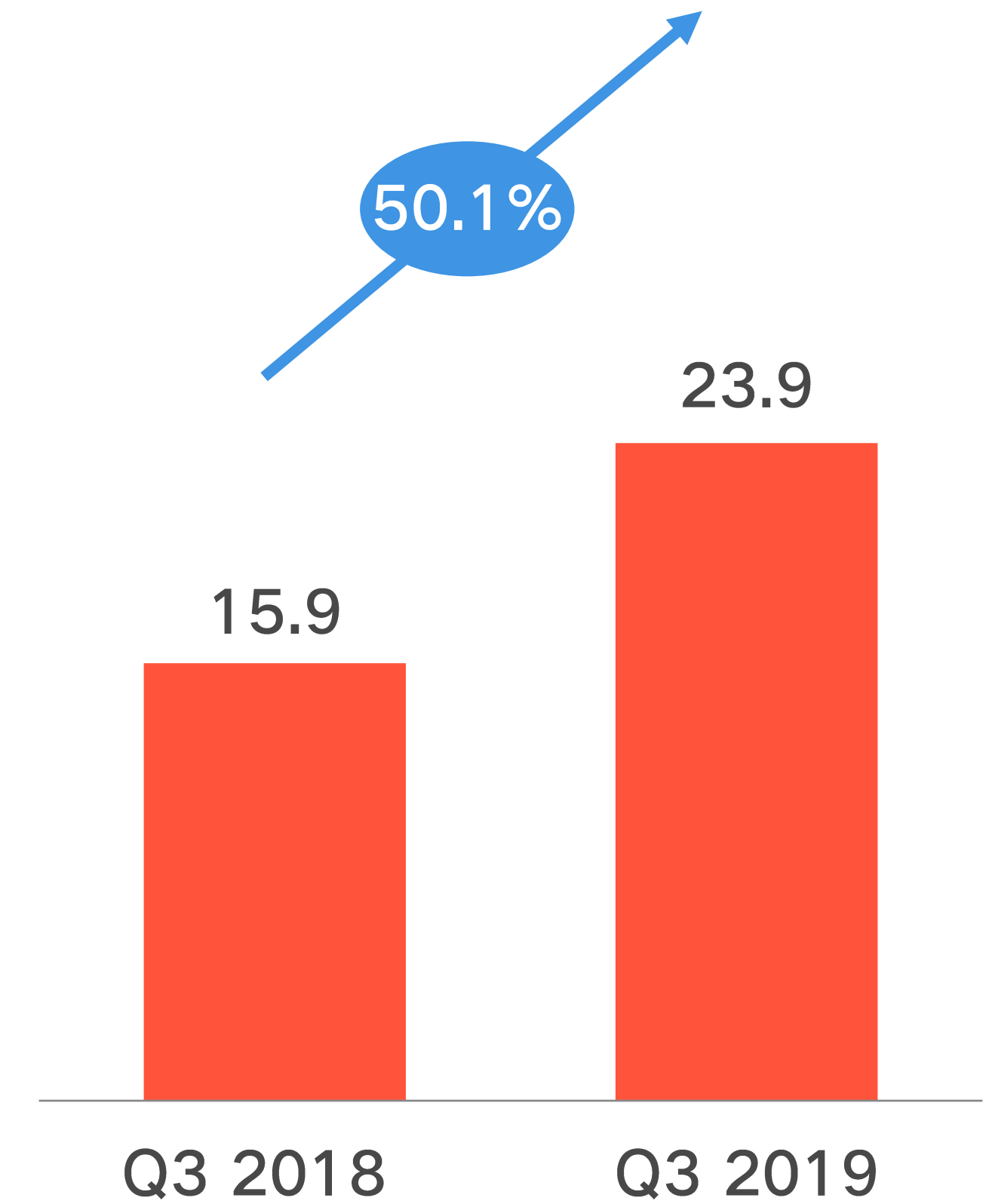
Strong MAU growth

Global MIUI MAU¹ reached **291.6 million** while mainland China MIUI MAU¹ remained flat year-over-year at **112.8 million**

MIUI MAU¹
million



TV MAU²
million



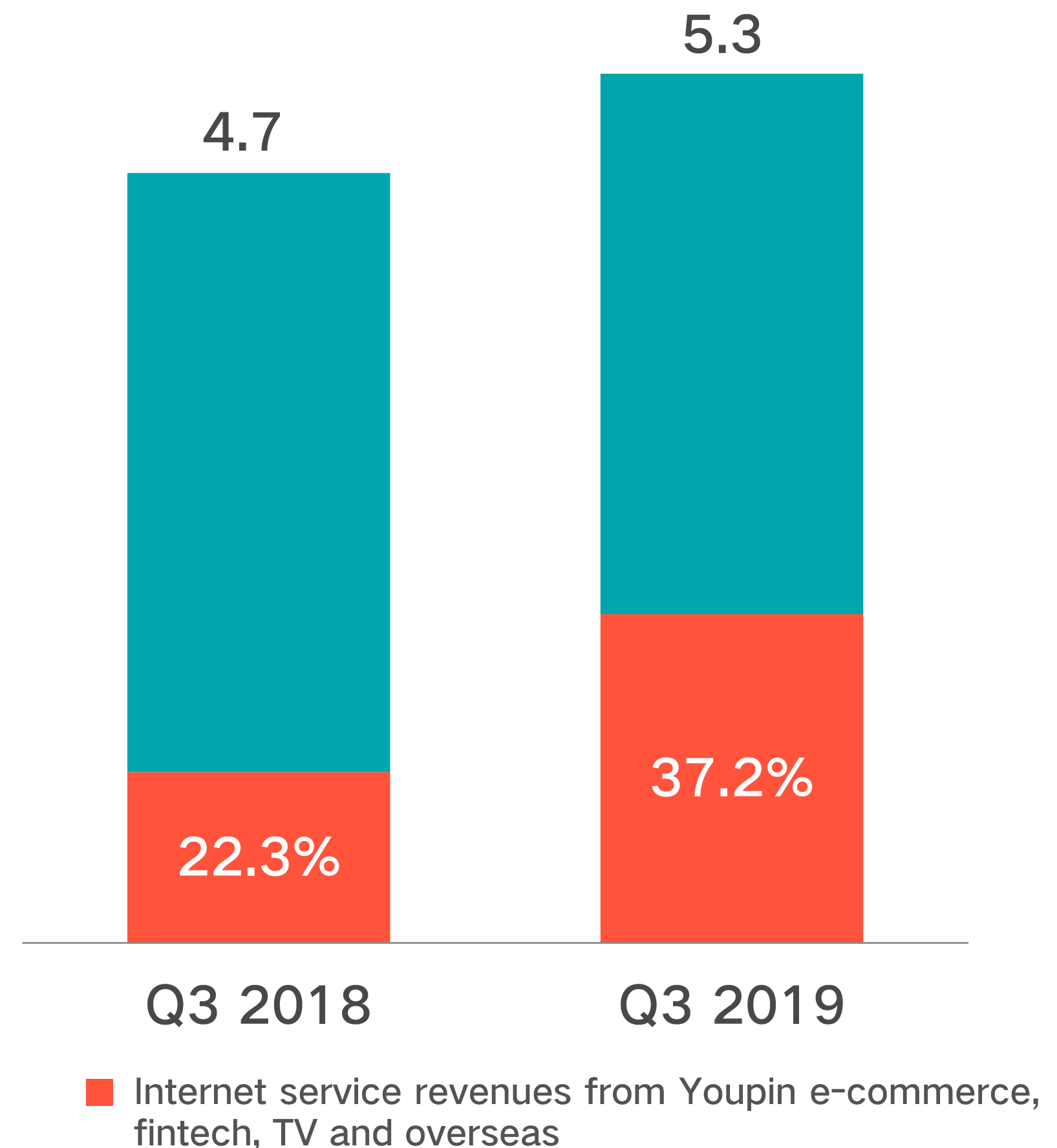
¹In September as of respective years

²In September as of respective years, including both TV and TV box users

Internet service revenue
RMB billion

Increasing diversification of internet service revenue

~**37.2%** of internet service revenue was from internet services outside of advertising and gaming from mainland China smartphones, with YoY growth of **87.8%**



Continued to strengthen our overseas internet services



Major internet services in India



App store

(No.2 on our smartphones)¹



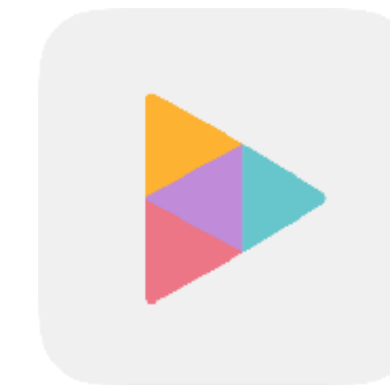
Browser

(No.1 on our smartphones)¹



Security center

(No.1 on our smartphones)¹



Video

(No.2 on our smartphones)¹



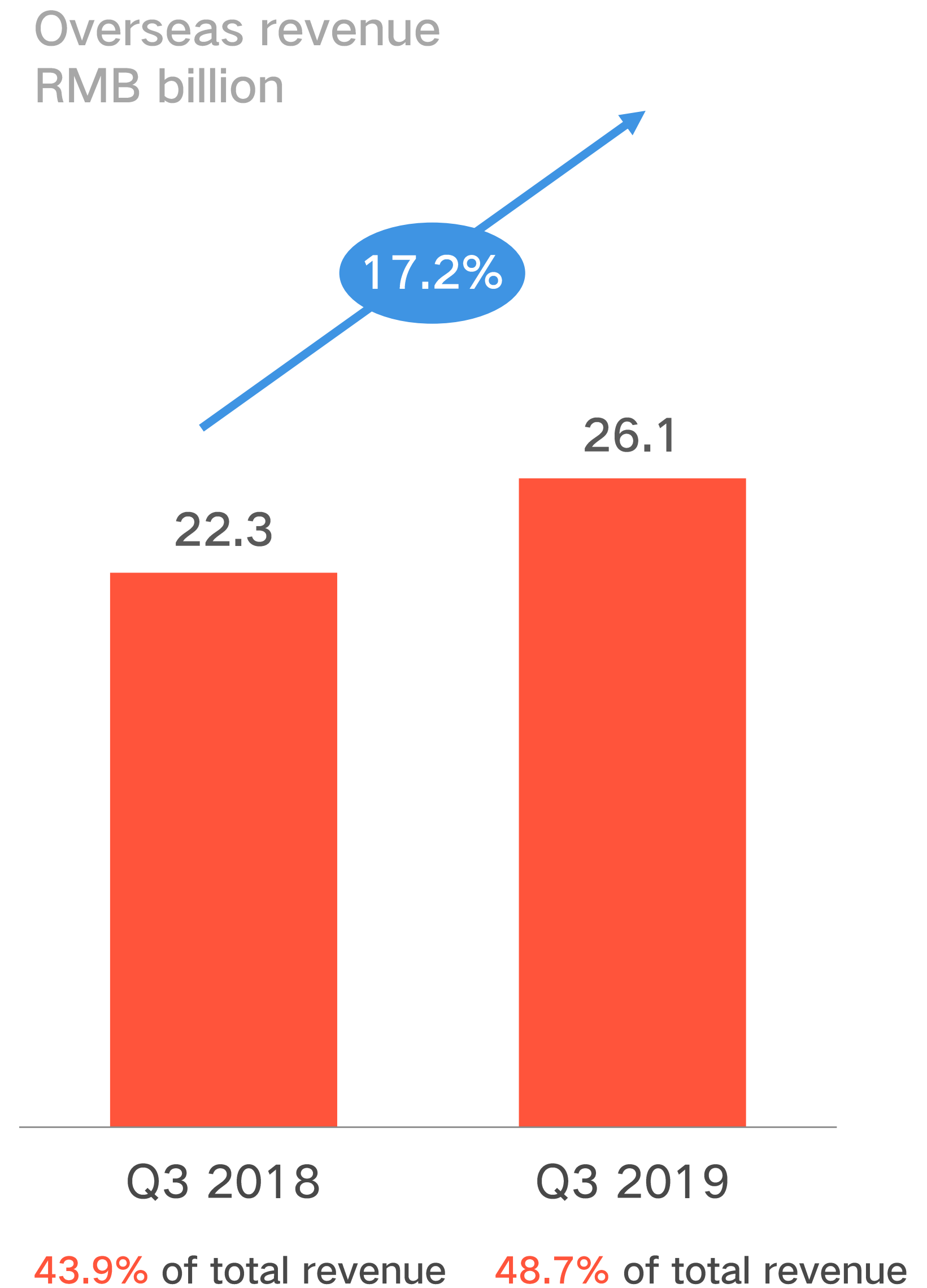
Music

(No.1 on our smartphones)¹

¹In September 2019, according to DAU on our smartphones in India

Overseas

Overseas revenue continued to grow with YoY growth of **17.2%** in Q3 2019, representing **48.7%** of total revenue





India's **No. 1** Smartphone Brand

9 consecutive quarters: Q3 2017 to Q3 2019
Q3 2019 market share: **27.1%**

Xiaomi ranked **No.4** by smartphone shipments in Western Europe in Q3 2019



Western Europe smartphone market share			
Rank	Vendor	2019 Q3 Market share	Shipment YoY Growth
#1	Samsung	37.3%	16.2%
#2	Apple	24.1%	(8.0%)
#3	Huawei	19.3%	(16.6%)
#4	Xiaomi	7.0%	90.9%

Spain smartphone market share			
Rank	Vendor	2019 Q3 Market share	Shipment YoY Growth
#1	Samsung	32.1%	21.0%
#2	Xiaomi	22.9%	63.7%
#3	Huawei	22.6%	-17.9%
#4	Apple	7.5%	-30.8%

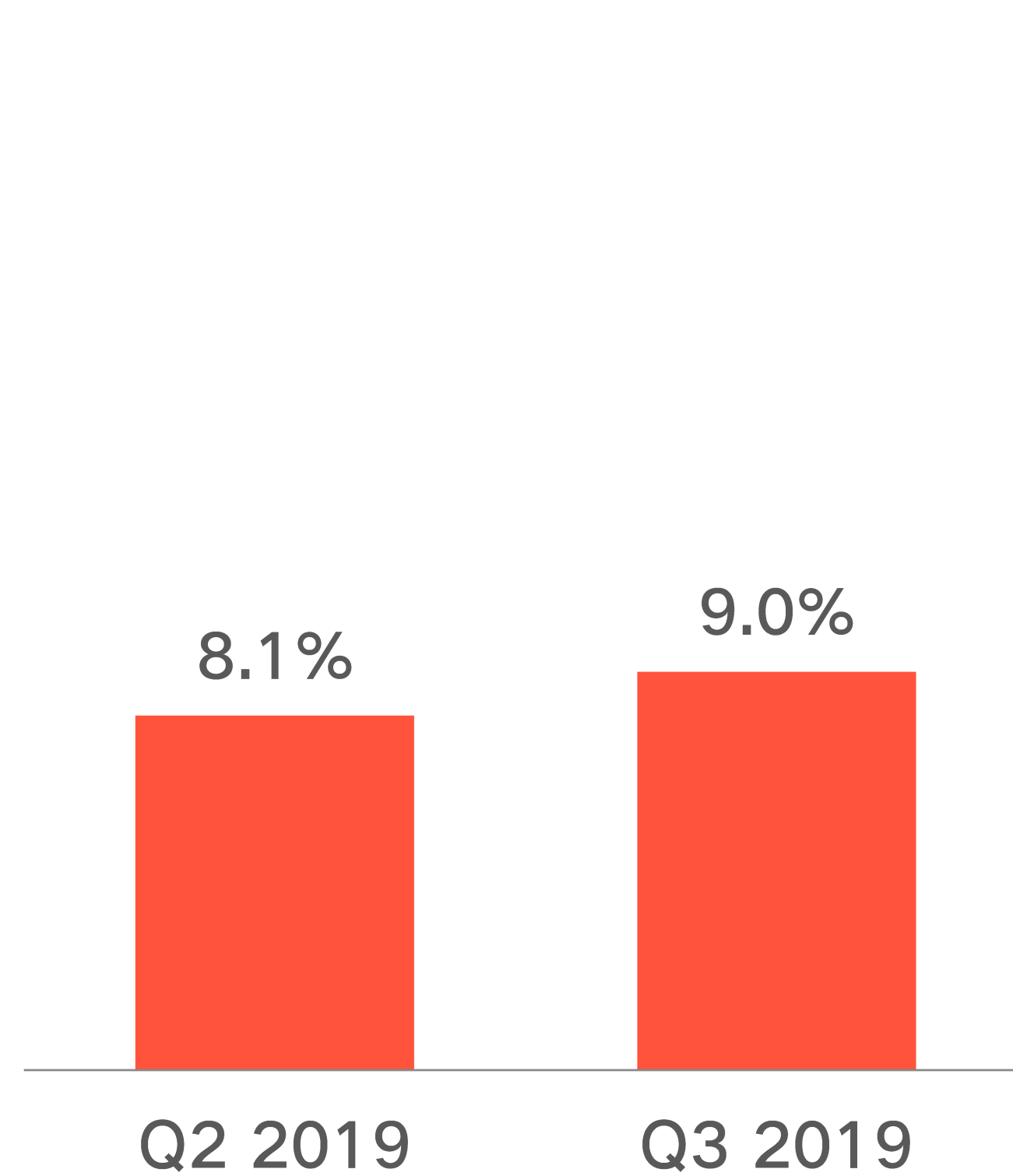


Rank **No.1** in open market in Spain

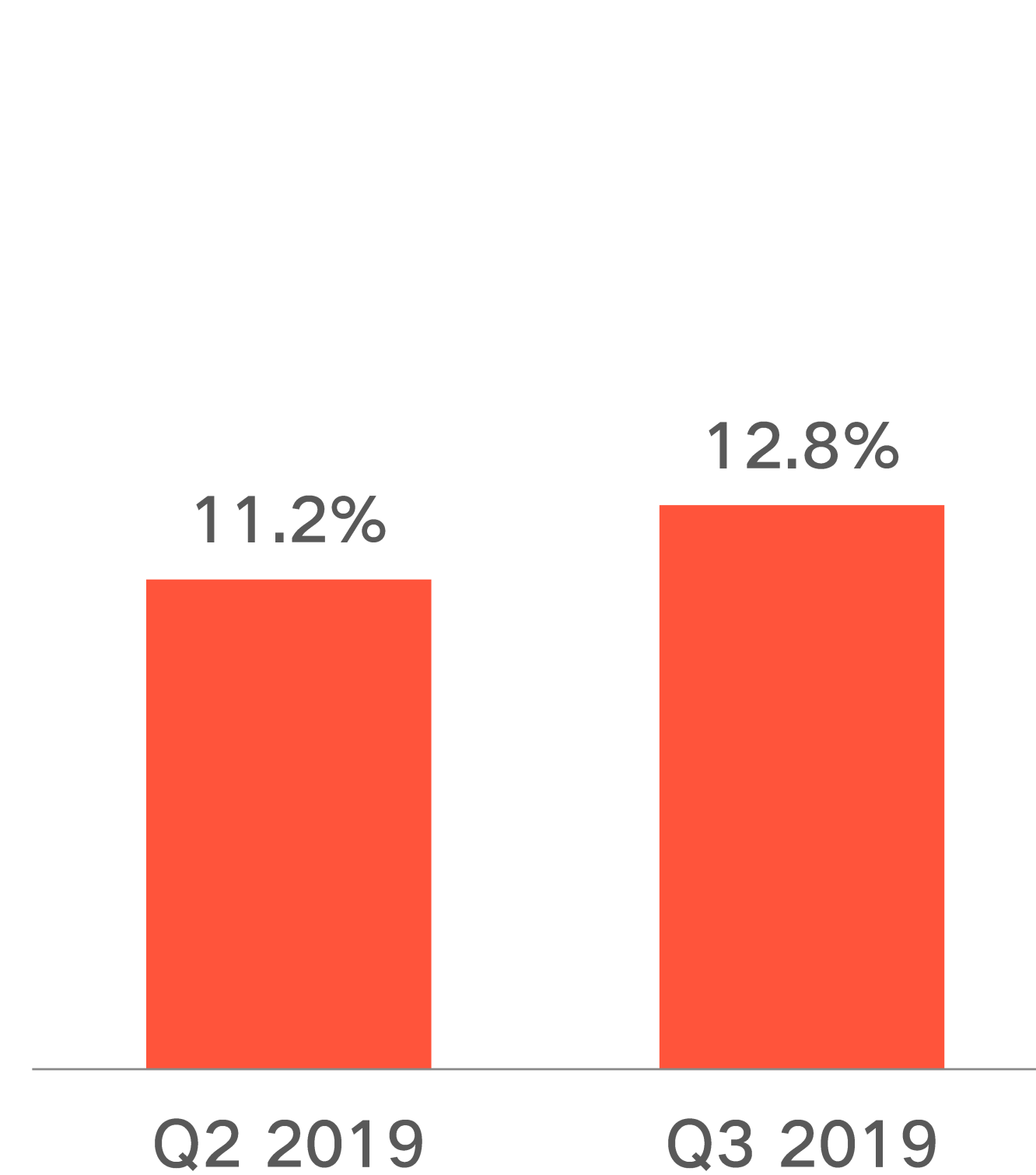
Financials

Gross margins by segment

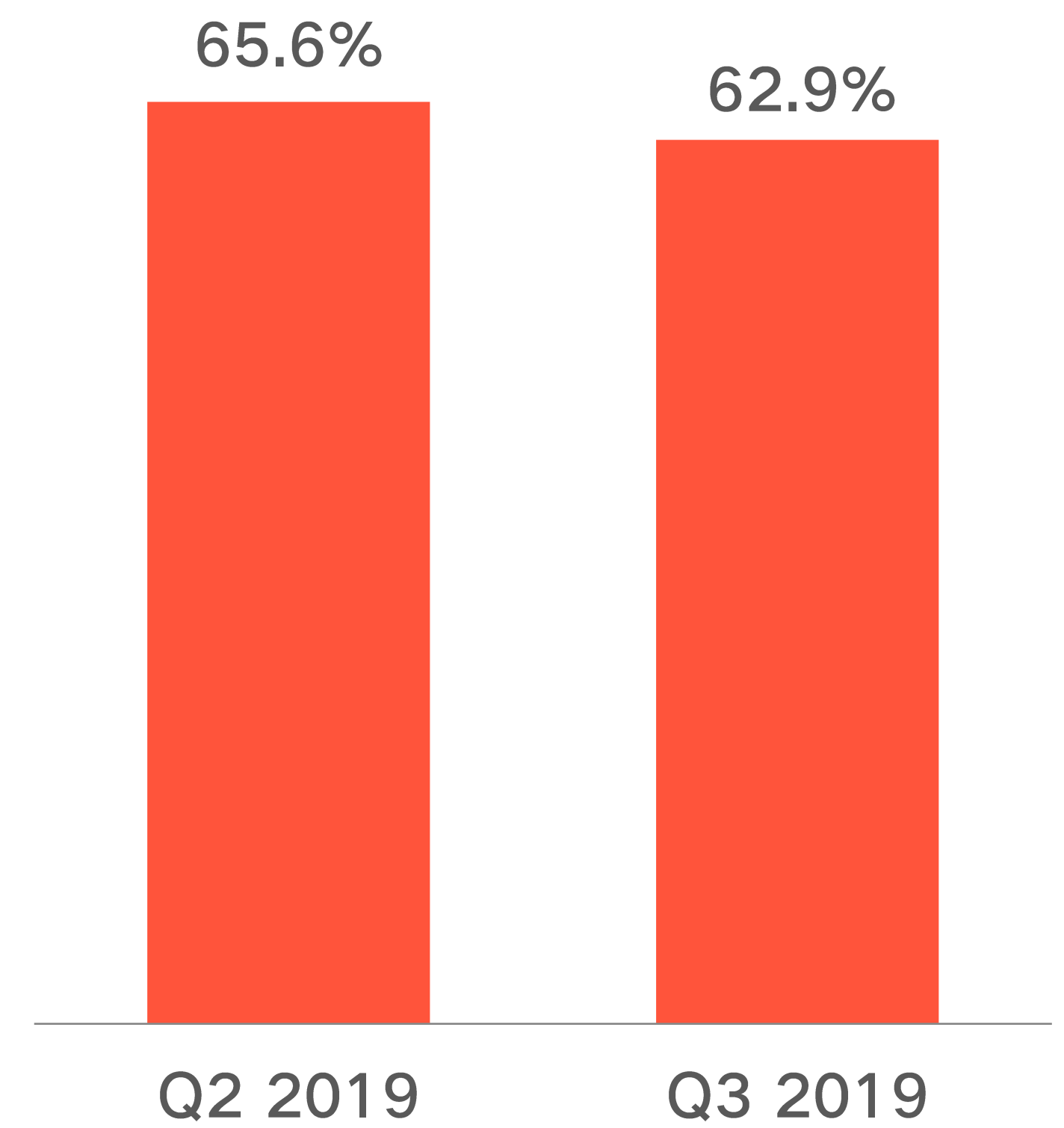
Smartphone gross margin



IoT and lifestyle products gross margin



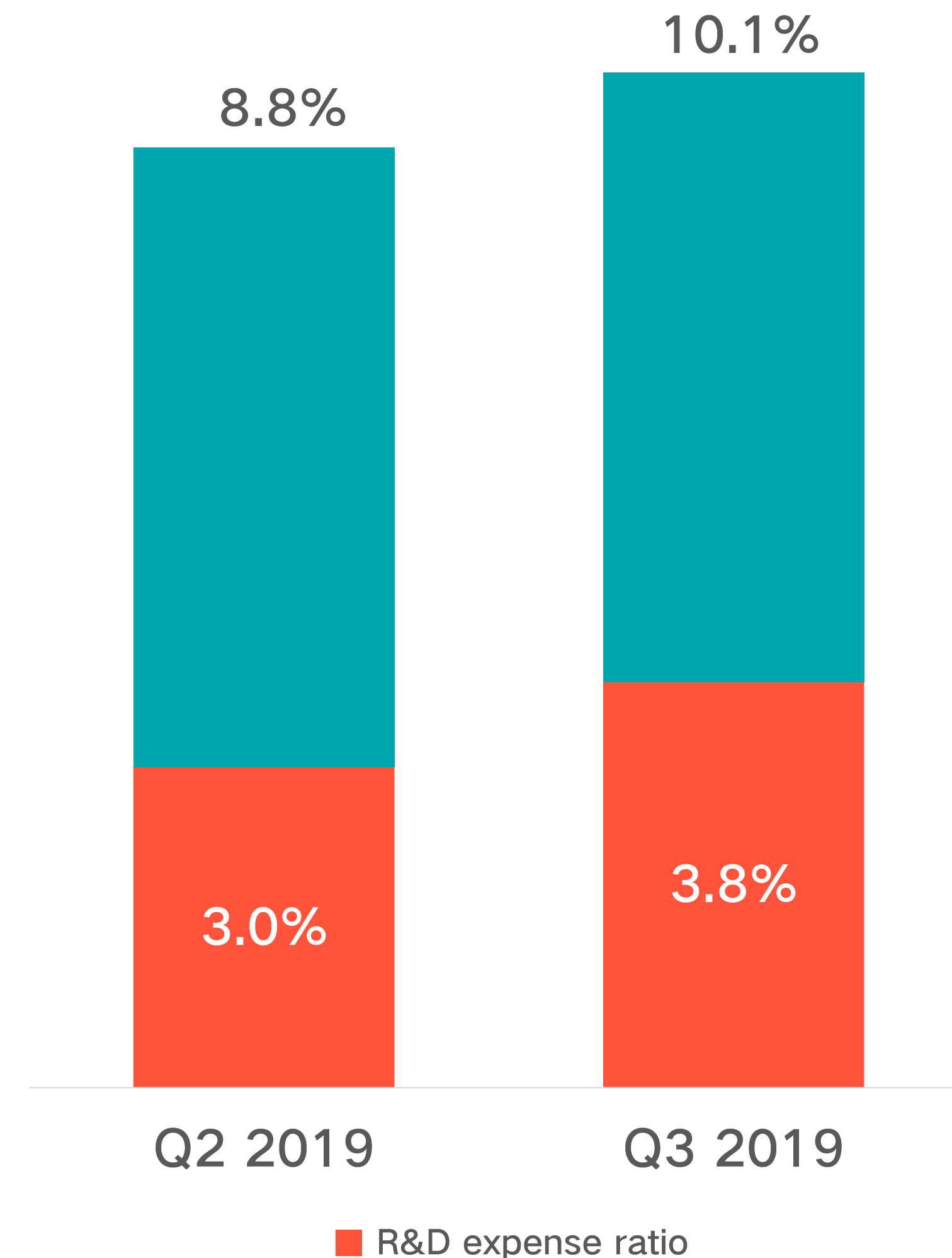
Internet service gross margin



Operating expense ratio

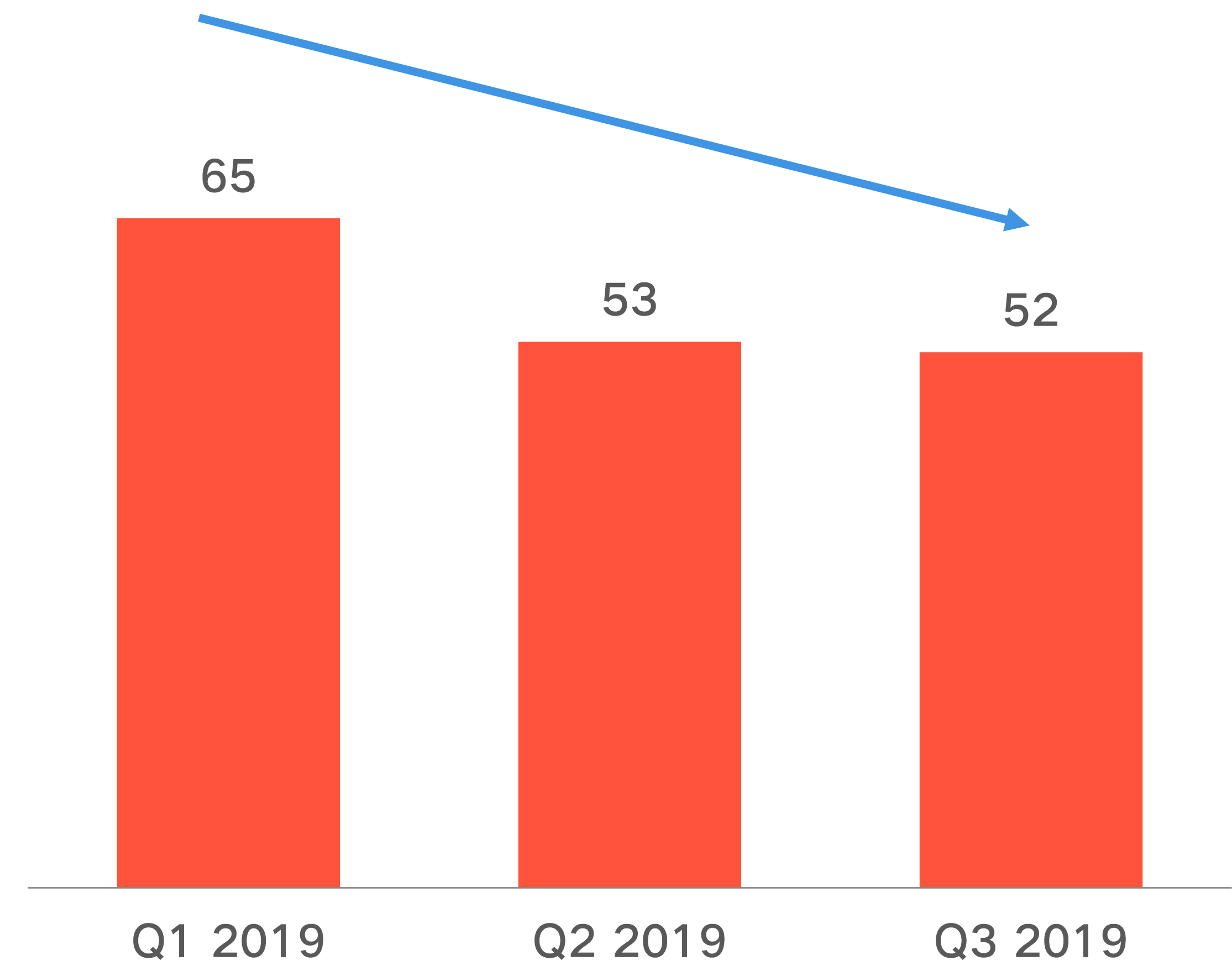
Operating expense ratio increased in Q3 2019 as we continued to invest in R&D and brand promotion

R&D expenses increased **32.5%** YoY in Q3 2019



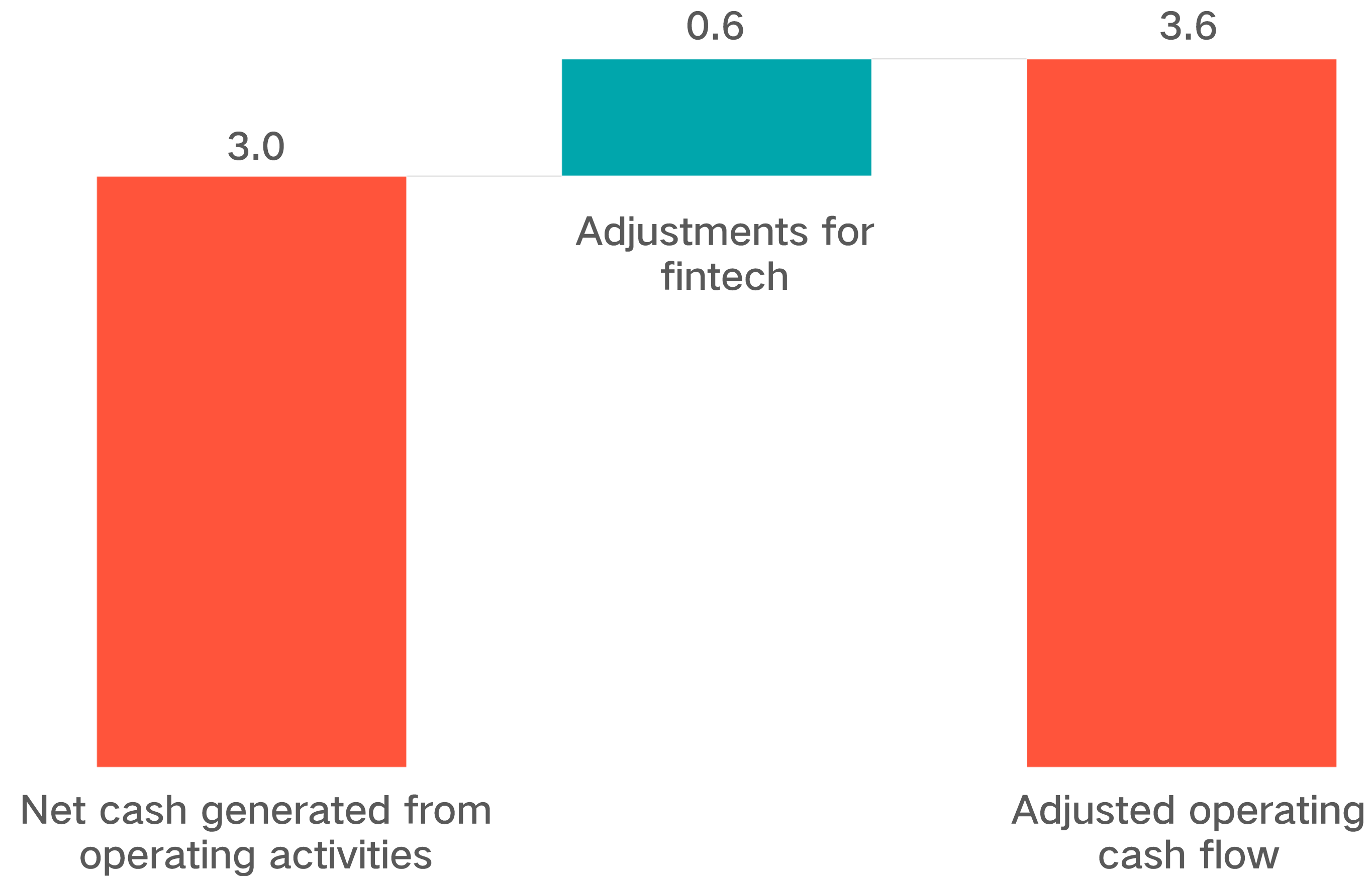
Inventory turnover days

Prudent inventory management to capture the upcoming 5G opportunities



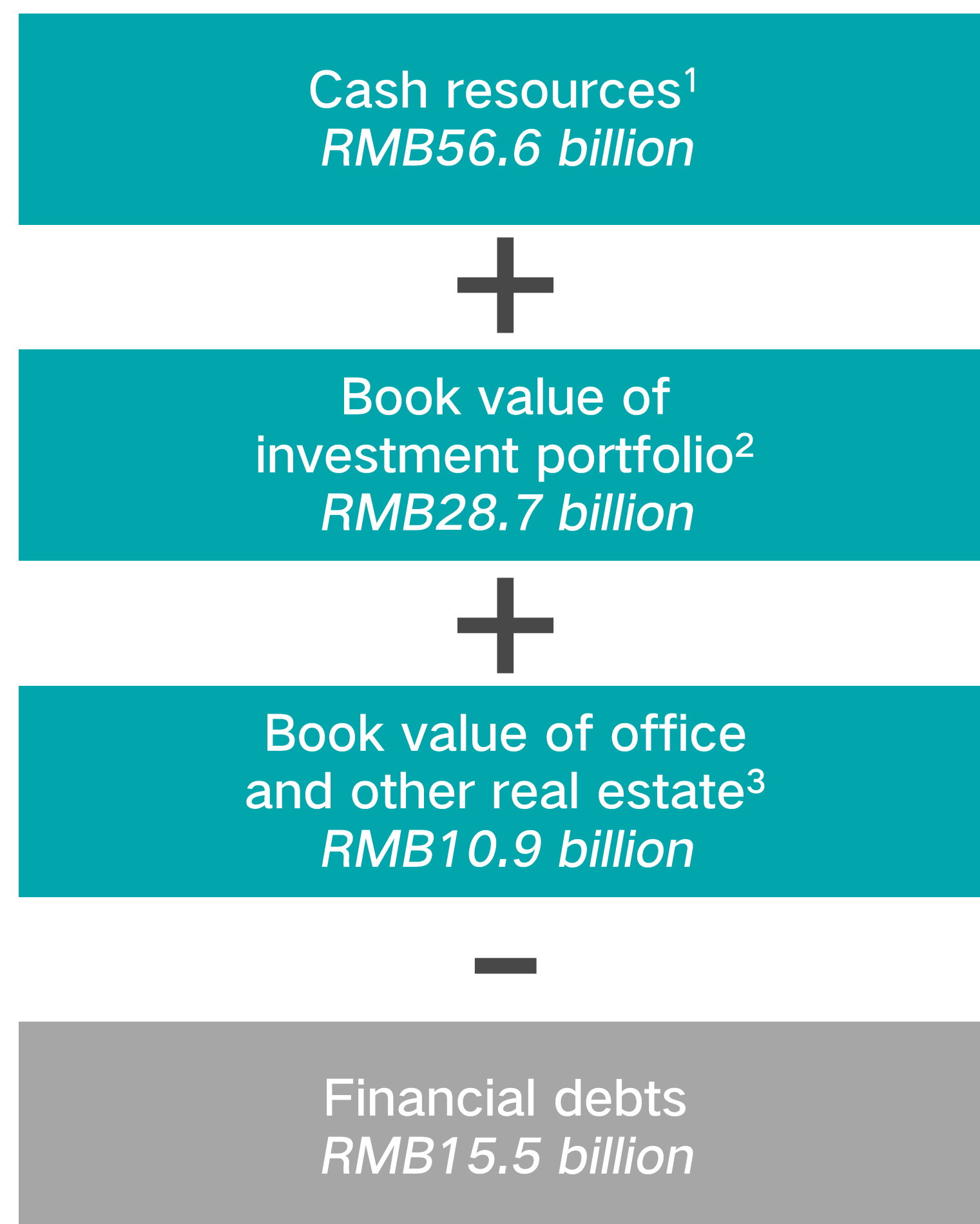
Strong cash flow performance

Adjusted operating cash flow
RMB billion



¹Including (1) the increase in loan and interest receivables and impairment provision for loan receivables mainly resulting from the internet finance business; (2) the decrease in trade payables resulting from the finance factoring business; and (3) the increase in restricted cash resulting from the internet finance business

Adequate cash and assets to prepare for future growth



RMB **80.7 billion**

Quarterly increased RMB **5.1 billion**

¹The 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.

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

³Book value at cost

