



Xiaomi Corporation

Q2 2018 Results Announcement

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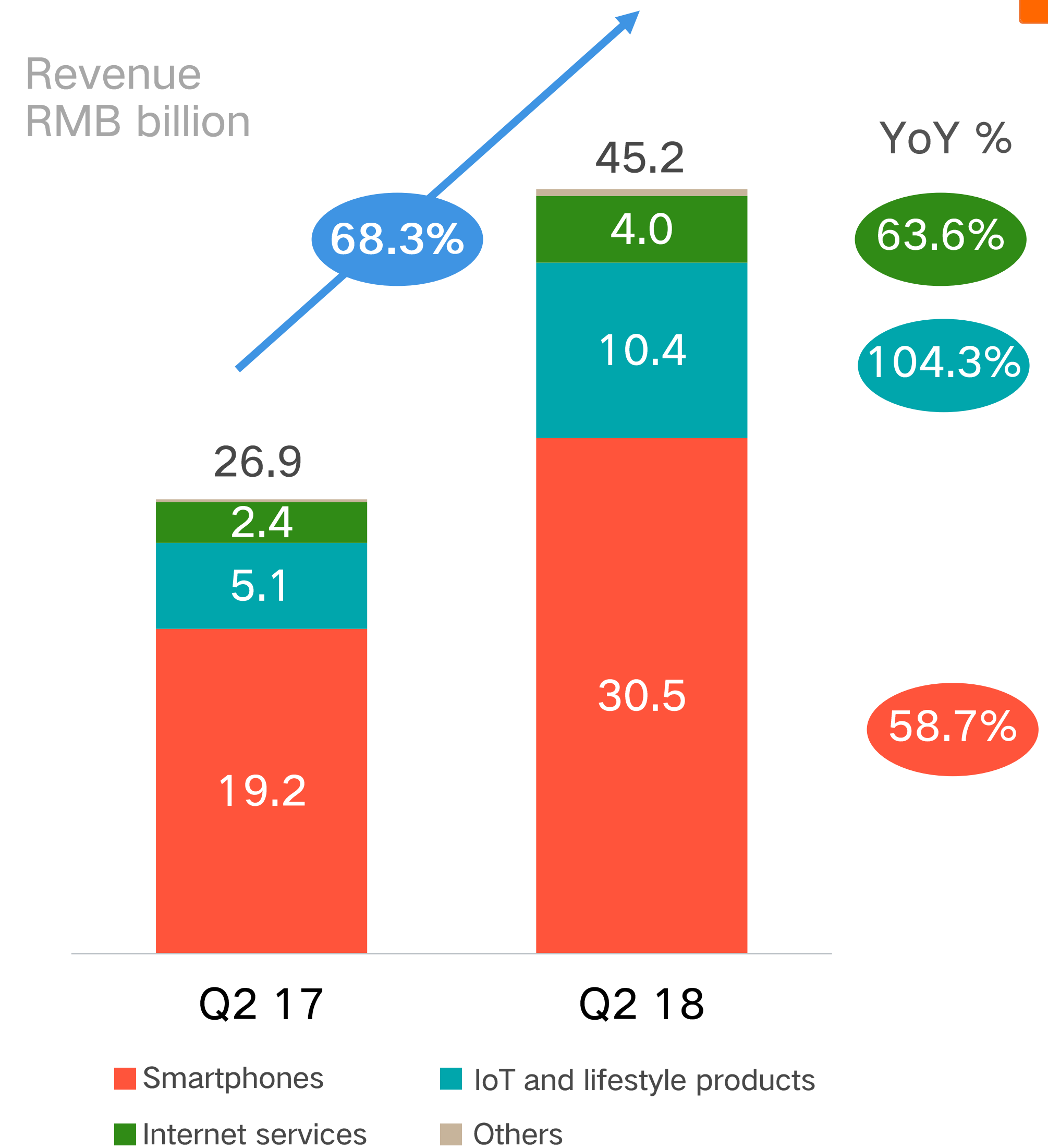
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Q2 2018
Total revenue RMB45.2 billion
YoY growth of **68.3%**
Net profit RMB14.6 billion
Adjusted net profit¹ RMB2.1 billion



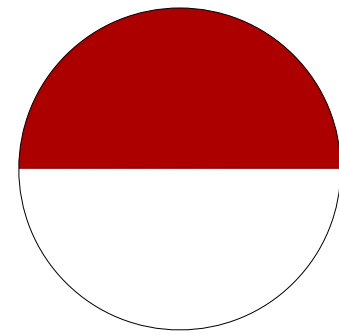
¹Adjusted net profit is defined as loss or profit for the period, as adjusted by adding back (i) fair value changes of convertible redeemable preferred shares, (ii) share-based compensation, (iii) net fair value gains on investments, and (iv) amortization of intangible assets resulting from acquisitions



International revenue grew **151.7%** YoY and accounted for 36.3% of revenue in Q2 2018; Xiaomi was ranked top **5** in **25** smartphone markets



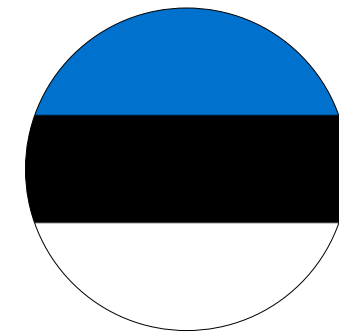
No.1 in India



No.2 in Indonesia



No.2 in Myanmar



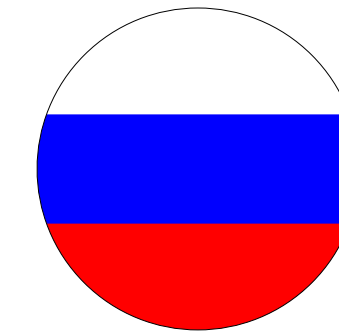
No.3 in Estonia



No.3 in Greece



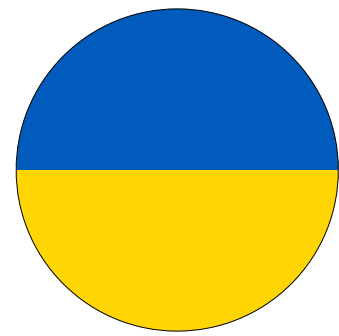
No.3 in Israel



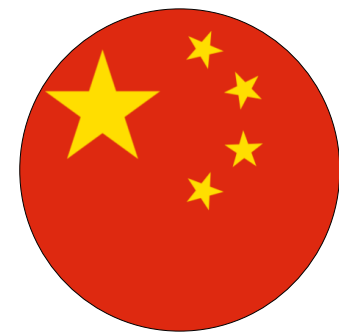
No.3 in Russia



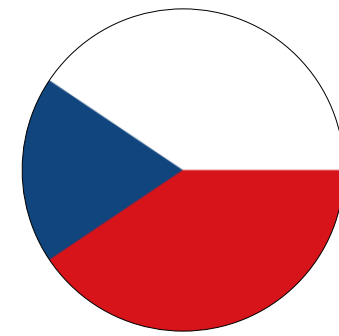
No.3 in Spain



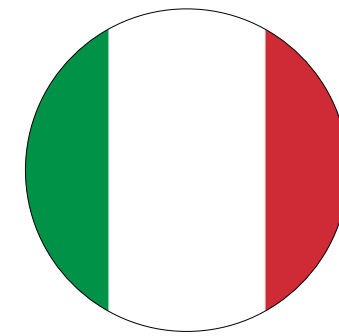
No.3 in Ukraine



No.4 in China



No.4 in Czech Republic



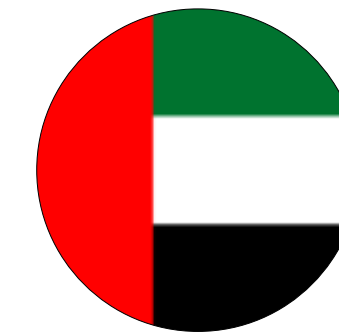
No.4 in Italy



No.4 in Romania



No.4 in Slovenia



No.4 in UAE



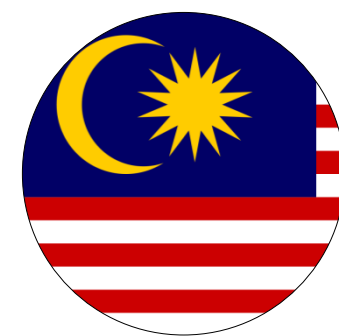
No.4 in Vietnam



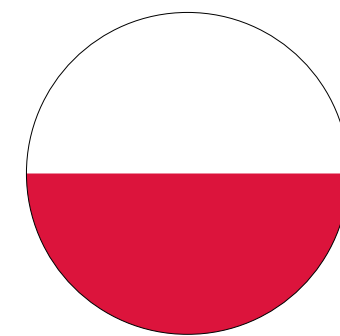
No.5 in Croatia



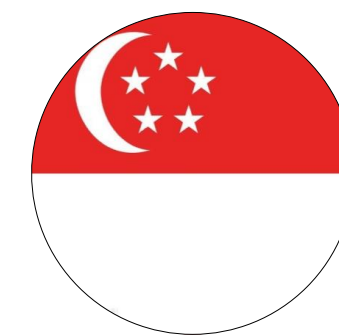
No.5 in Hungary



No.5 in Malaysia



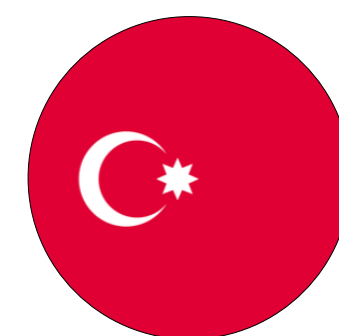
No.5 in Poland



No.5 in Singapore



No.5 in Sri Lanka



No.5 in Turkey



Maintained No.1 in India and reached No.2 in Indonesia smartphone market share

India smartphone market share Q2 2018				
Rank	Vender	Q2 17 Market Share	Q2 18 Market Share	YoY Growth
#1	Xiaomi	18%	30%	106%
#2	Samsung	25%	30%	47%
#3	OPPO	13%	11%	32%
#4	VIVO	9%	10%	5%

Source: Canalys

Indonesia smartphone market share Q2 2018				
Rank	Vender	Q2 17 Market Share	Q2 18 Market Share	YoY Growth
#1	Samsung	25%	24%	30%
#2	Xiaomi	8%	23%	282%
#3	OPPO	19%	18%	36%
#4	VIVO	8%	10%	75%

Source: Canalys



Innovation



Mi 8 series started selling on June 5 2018 and sold over 1.1 million units in the same month

First smartphone in the world with pressure sensitive in-display fingerprint technology

First smartphone in the world with dual frequency GPS

First Android smartphone with 3D face unlock

105 | DXOMARK
MOBILE
PHOTO



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TECH • VIRTUAL REALITY

Review: Facebook's New Oculus Go Headset Is What Virtual Reality Should Have Always Been

f t e



TIME

TIME's Best Inventions
of 2017

By LISA EADICICCO May 1, 2018

The good: Affordable, Easy setup, No smartphone or computer required, Great image quality

The bad: Experience is limiting compared to other wireless headsets like Lenovo's Mirage Solo, Not incredibly comfortable to wear for long periods of

“What virtual reality should have always been”

2017 TIME's Best Inventions



AI and IoT



2 billion¹ activations since
the release of Xiaomi AI
speaker a year ago

Xiaomi AI assistant has over
30 million¹ MAU



¹As of July 2018



Announced our open source deep learning framework optimized for mobile platforms



AI Camera

Image Style Transfer

Scene Recognition

Super-Resolution Imaging

Translation

Speech



~1.15million ~1.7million

Connected devices¹
QoQ growth of 15%

Users with more than 5 Xiaomi IoT devices¹
QoQ growth of 19%

¹Data as of June 30, 2018, excluding smartphones and laptops



Quality



23 July 2018 Appointed Yan Kesheng as Vice President & Chairman of the Quality Committee

“Our top priority following our IPO is to continue to improve the quality of our products and services in every aspect. The Group has appointed Yan Kesheng as VP and Chairman of Quality Committee to lead quality control for all products and services and to promote the ongoing improvement of user experience”
- Lei Jun



Xiaomi ranked as the **No.1** smartphone brand by brand reputation according to Toutiao's survey



Mobile Arithmetic

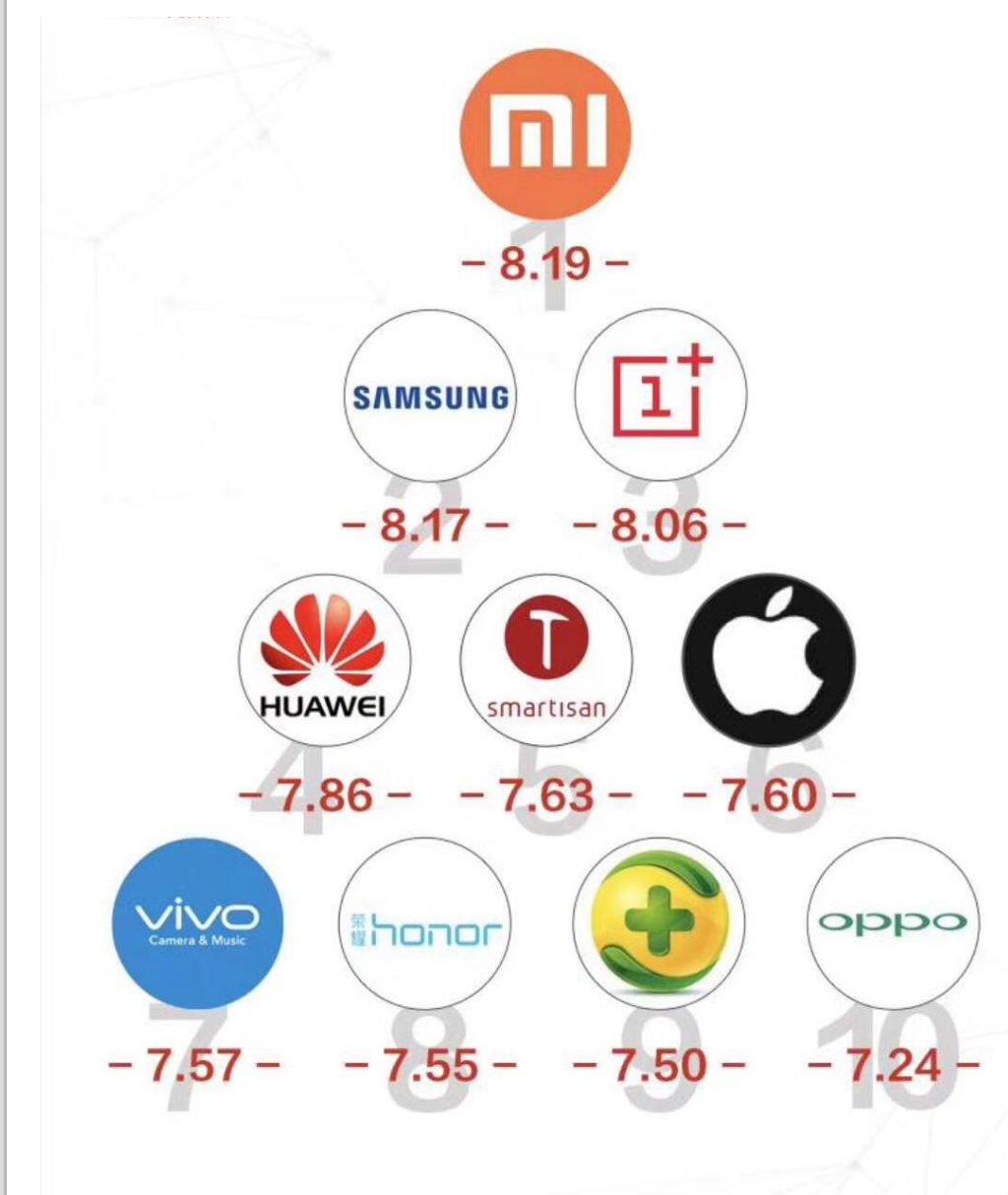
Three hours ago. Official Toutiao news on Mobile Big Data Account

关注

How do customers perceive each mobile brand? Xiaomi was ranked No.1, according to a survey we conducted across 100,000 customers before March 15. Toutiao distributed the customer satisfaction surveys, with a maximum score of 10, to nearly 100,000 users of 88 mainstream mobile phones launched in 2017. The result showed that Xiaomi users gave their phones an average score of 8.19, topping customer satisfaction among all brands. Wow, Xiaomi is simply the best!

Top 10 Brands by Customer Satisfaction Index

Customer Satisfaction Index

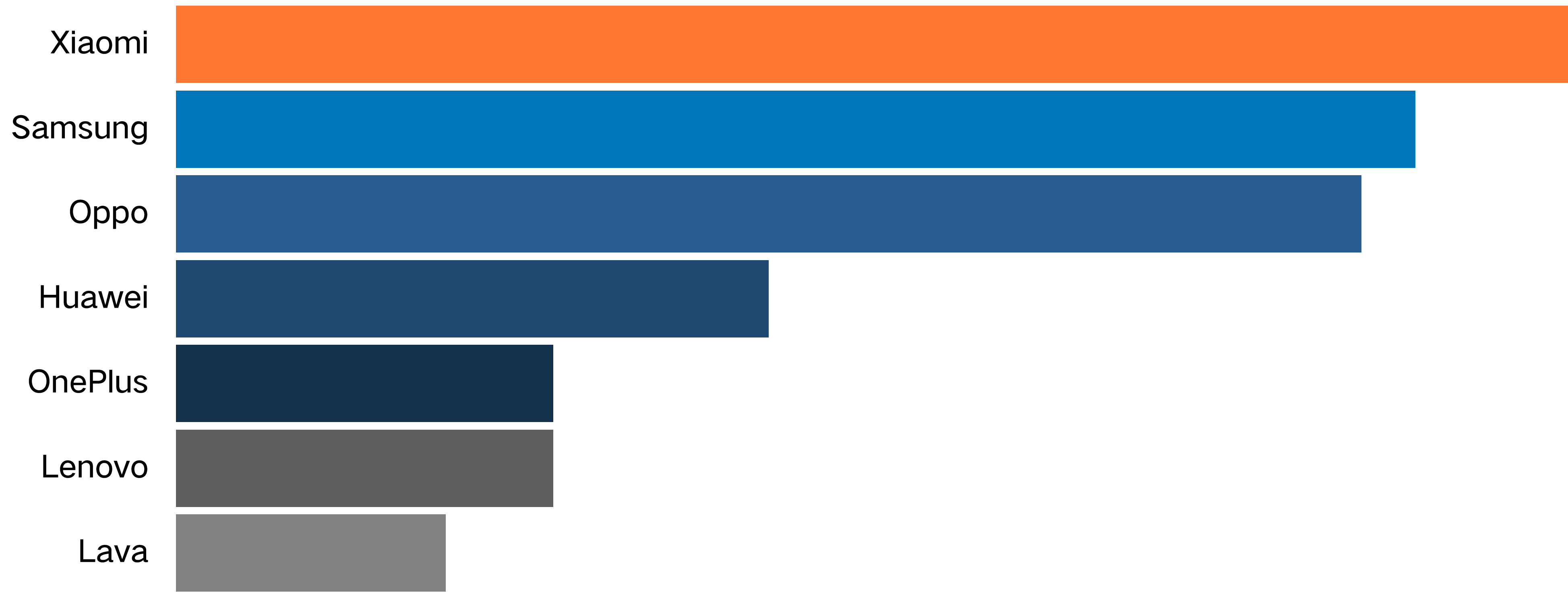




Significant quality improvement in H1 2018
Smartphone fault feedback ratio decreased
by **~20%** YoY¹



In Q2 2018, Xiaomi ranked No.1 in the India smartphone market for after-sales service satisfaction





Efficiency



Xiaomi maintained an operating expense of 8.8% in Q2 2018 while expanding offline channels



- 400+ Mi Homes; 360+ authorized stores
- Direct supply network of 37,000+ locations, spread across 30+ provinces, 300+ cities and over 2,500+ towns



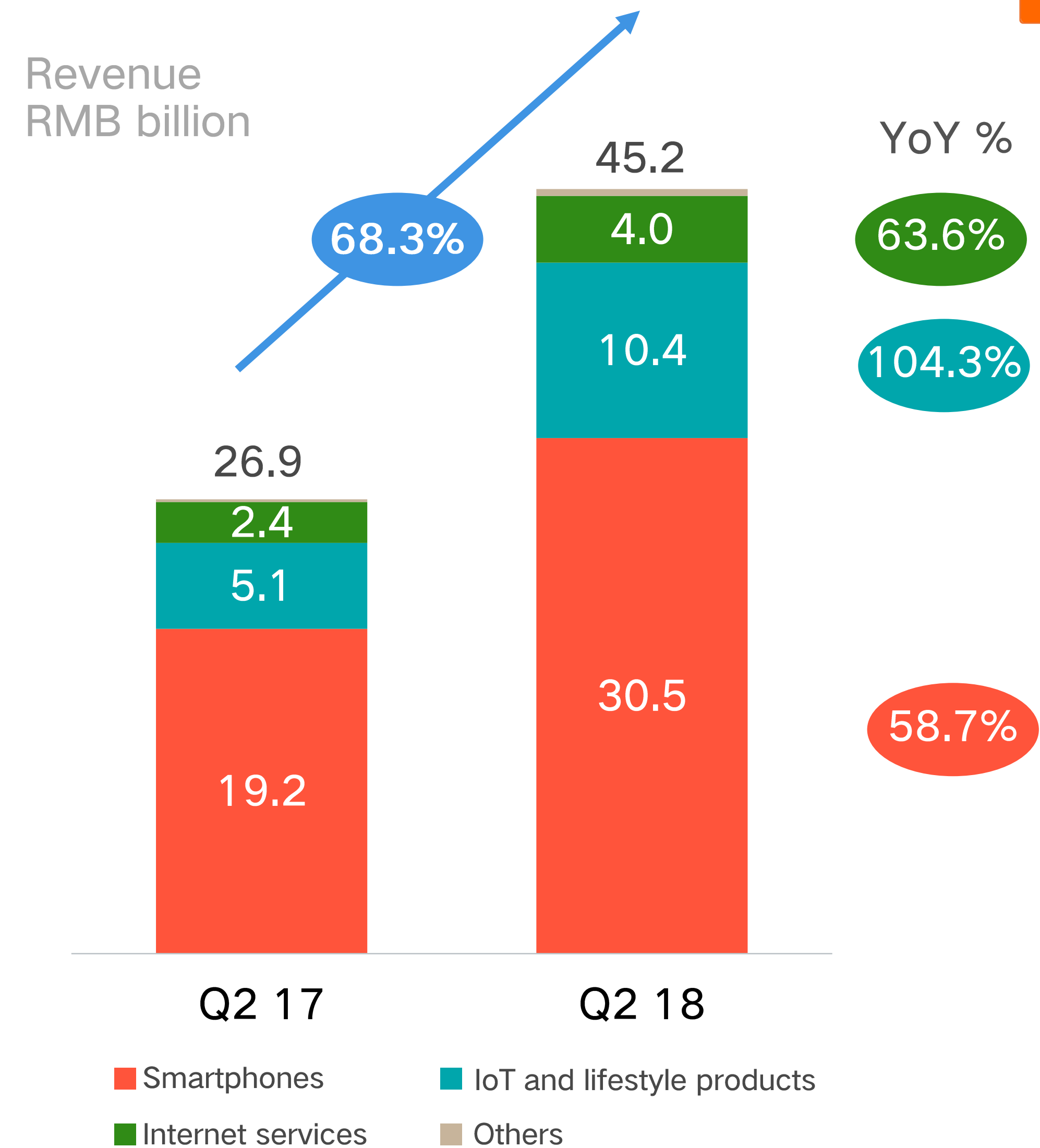
- No.1 in offline smartphone market in 8 cities
- Achieved over 20% of the overall offline smartphone market



Financials



Q2 2018
Total revenue RMB45.2 billion
YoY growth of **68.3%**
Net profit RMB14.6 billion
Adjusted net profit¹ RMB2.1 billion



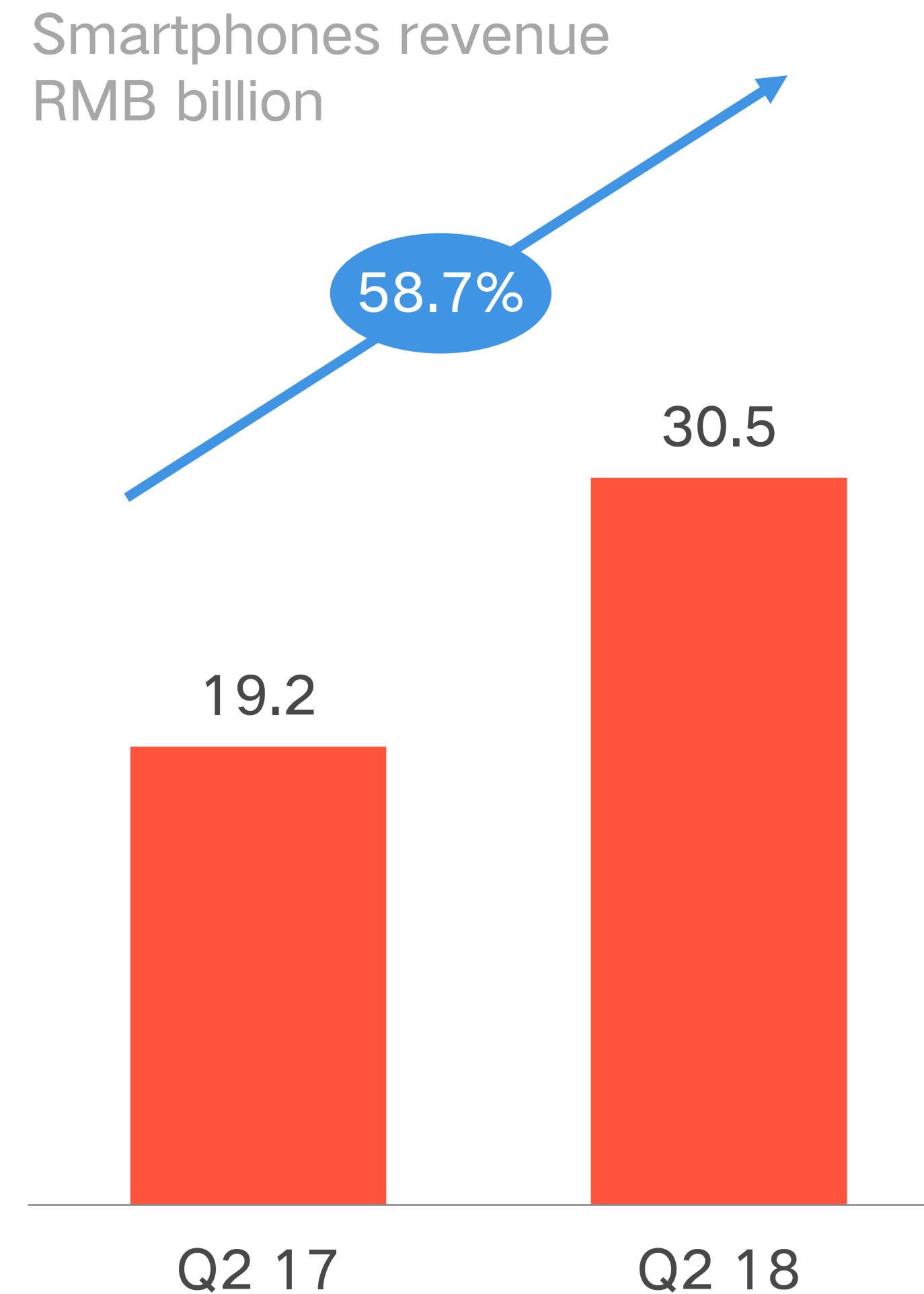
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Smartphones



Smartphones revenue reached RMB30.5 billion in Q2 2018, representing a YoY growth of **58.7%**





Xiaomi sold 32 million units of smartphones in Q2 2018¹; continued to maintain the **highest growth** rate among top smartphone manufacturers globally

Worldwide Smartphone Market, Top 5 Company Shipments, Market Share and Year-over-Year Growth, Q2 2018 (shipments in millions)					
Company	Q2 18 Shipment Volumes	Q2 18 Market Share	Q2 17 Shipment Volumes	Q2 17 Market Share	Year-Over-Year Change
Samsung	71.5	20.9%	79.8	22.9%	-10.4 %
Huawei	54.2	15.8%	38.5	11.0%	40.9%
Apple	41.3	12.1%	41.0	11.8%	0.7%
Xiaomi	31.9	9.3%	21.4	6.2%	48.8%
OPPO	29.4	8.6%	28.0	8.0%	5.1%
Others	113.7	33.2%	139.5	40.1%	-18.5%
Total	342.0	100.0%	348.2	100.0%	-1.8%

Source: IDC Worldwide Quarterly Mobile Phone Tracker

1. Company internal sales data



Further strengthened our position in
the China high-end smartphone market

Smartphone ASP in China grew over
25% YoY in Q2 2018

New smartphone models released in Q2 2018



Flagship
(RMB2,000 and above)



Mi 8



Mi 8 SE

Mid-range
(RMB800-1,999)



Mi 6X



Redmi 6



Redmi 6 Pro



Redmi S2

Entry level
(RMB799 and below)



Redmi 6A

Mi 8 series started selling on June 5 2018 and sold over 1.1 million units in the same month



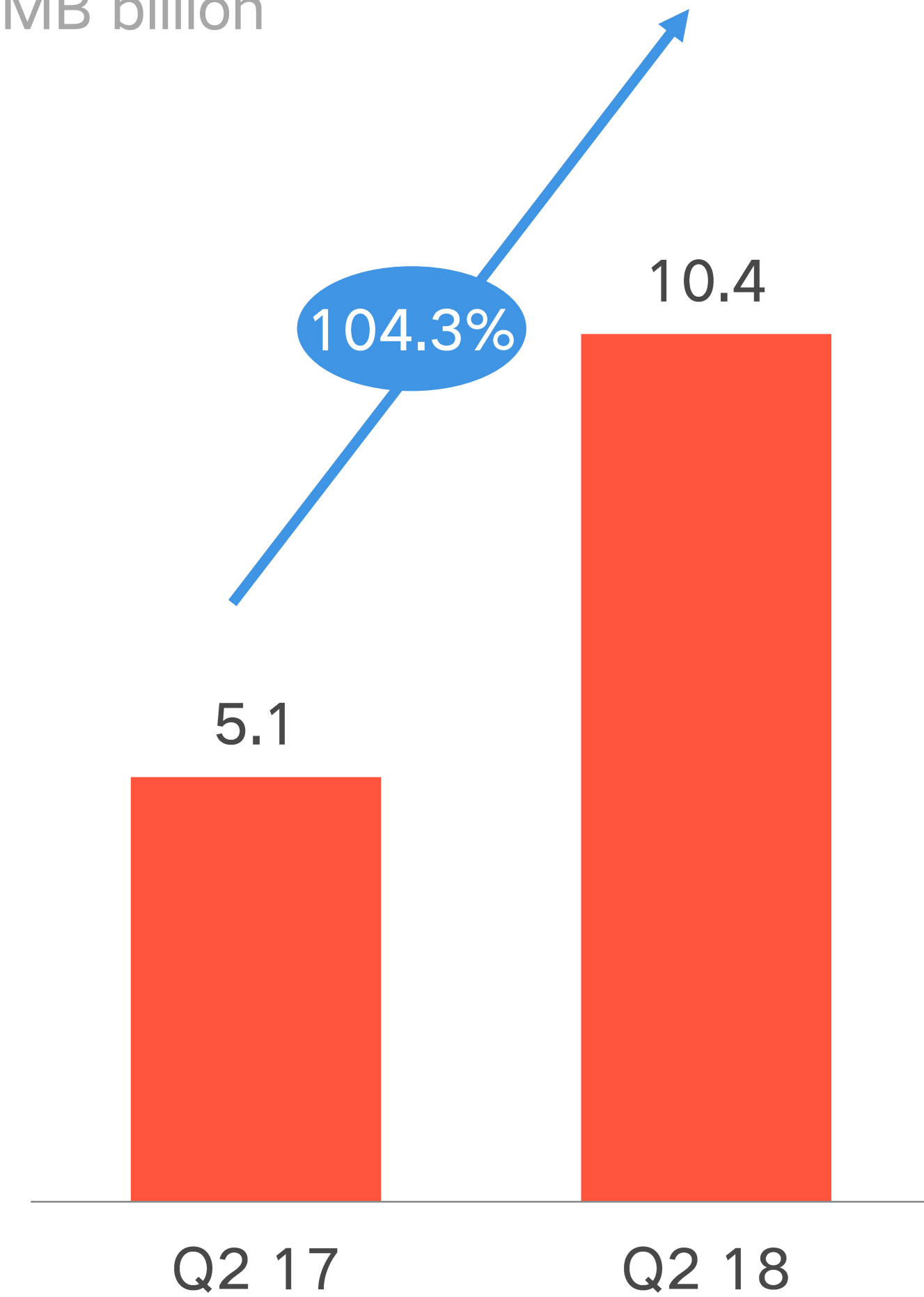


IoT and lifestyle products



IoT and lifestyle products revenue reached 10.4 billion in Q2 2018, representing a YoY growth of **104.3%**

IoT and lifestyle products revenue
RMB billion





Q2 2018

Became the **No.1** brand in China by sales volume

Smart TVs sales volume grew **over 350%** YoY

Rapidly gained **significant market share** since entering the India market in February 2018

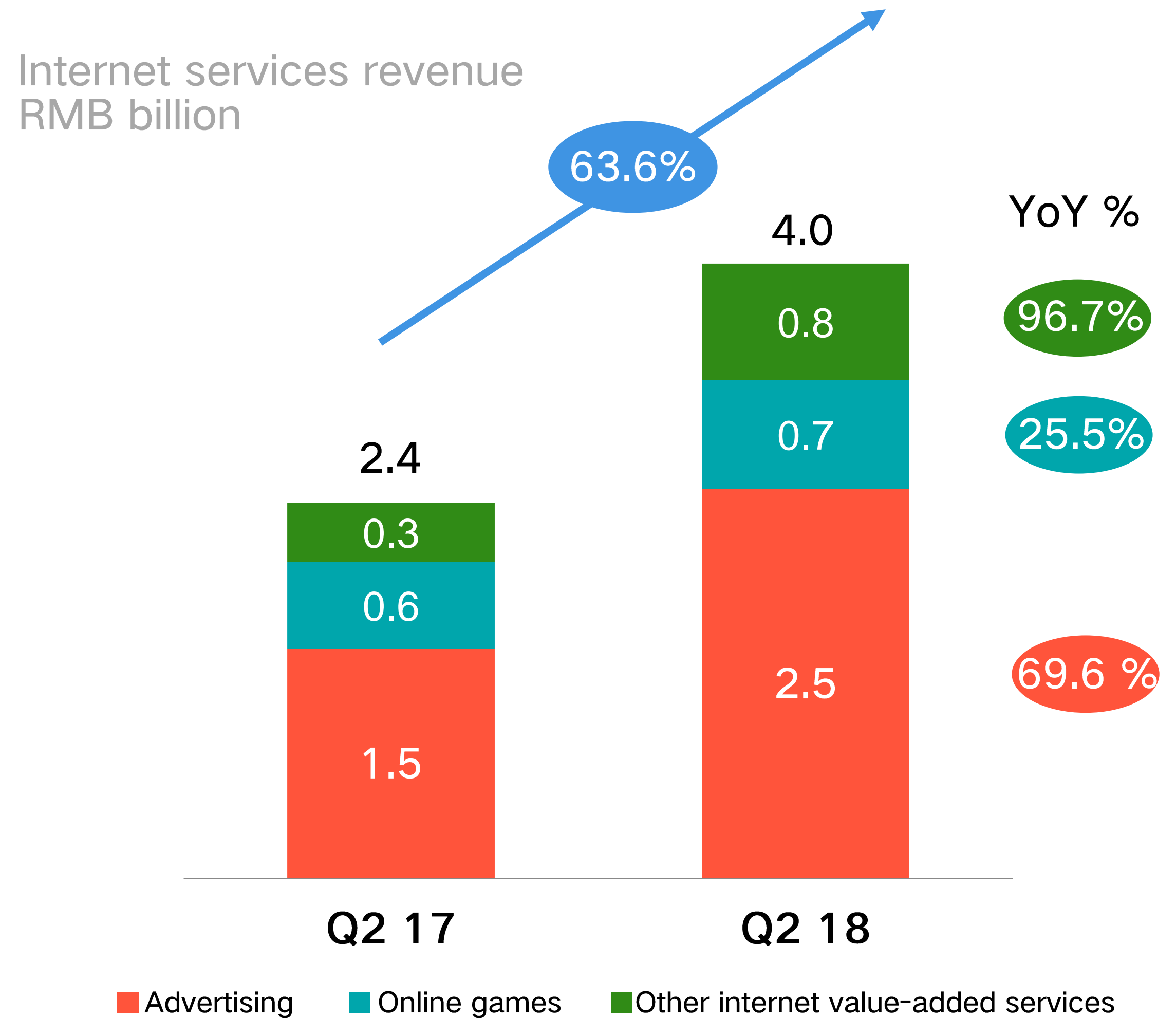




Internet services



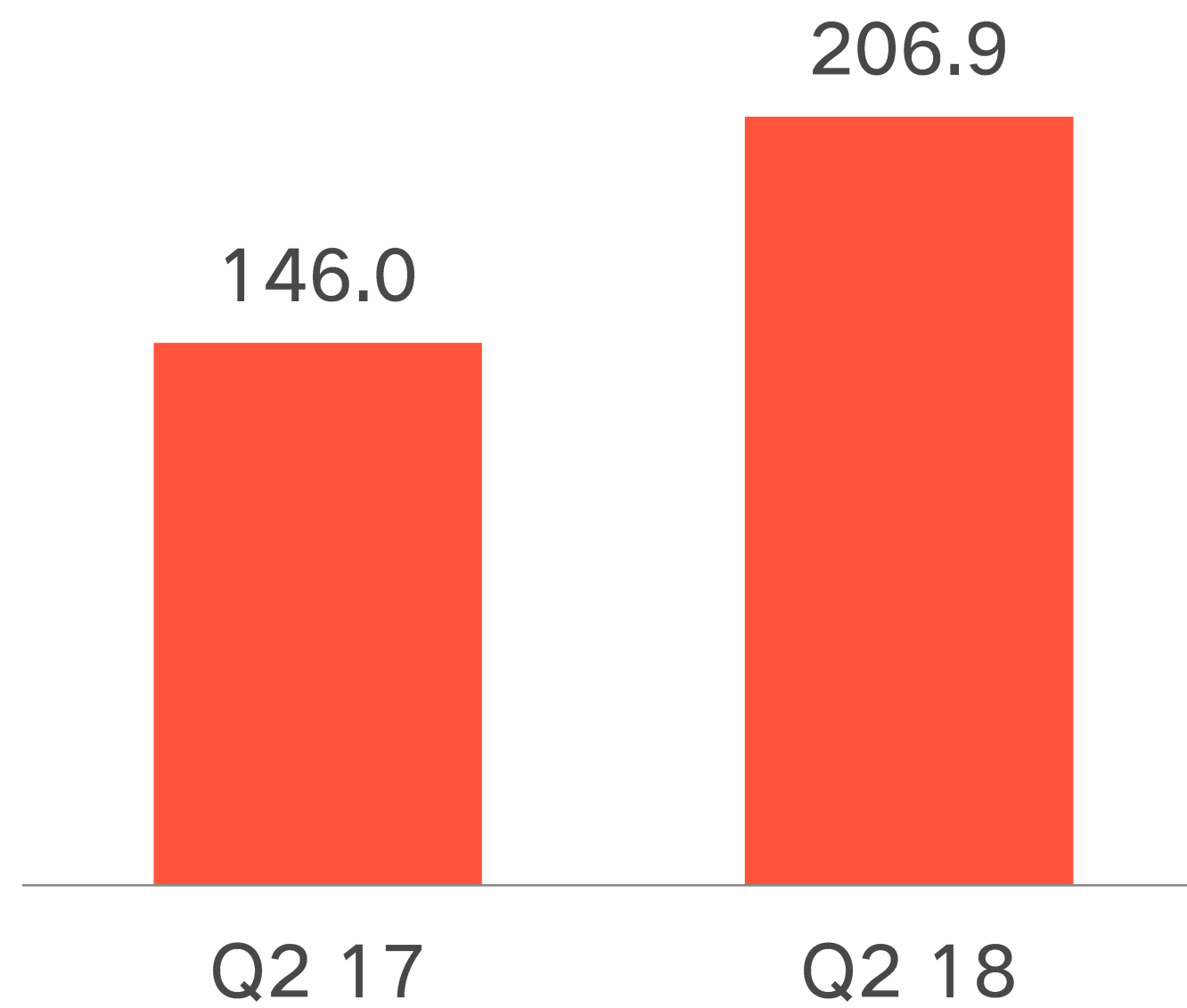
Internet services revenue reached RMB4.0 billion in Q2 2018, representing a YoY growth of **63.6%**



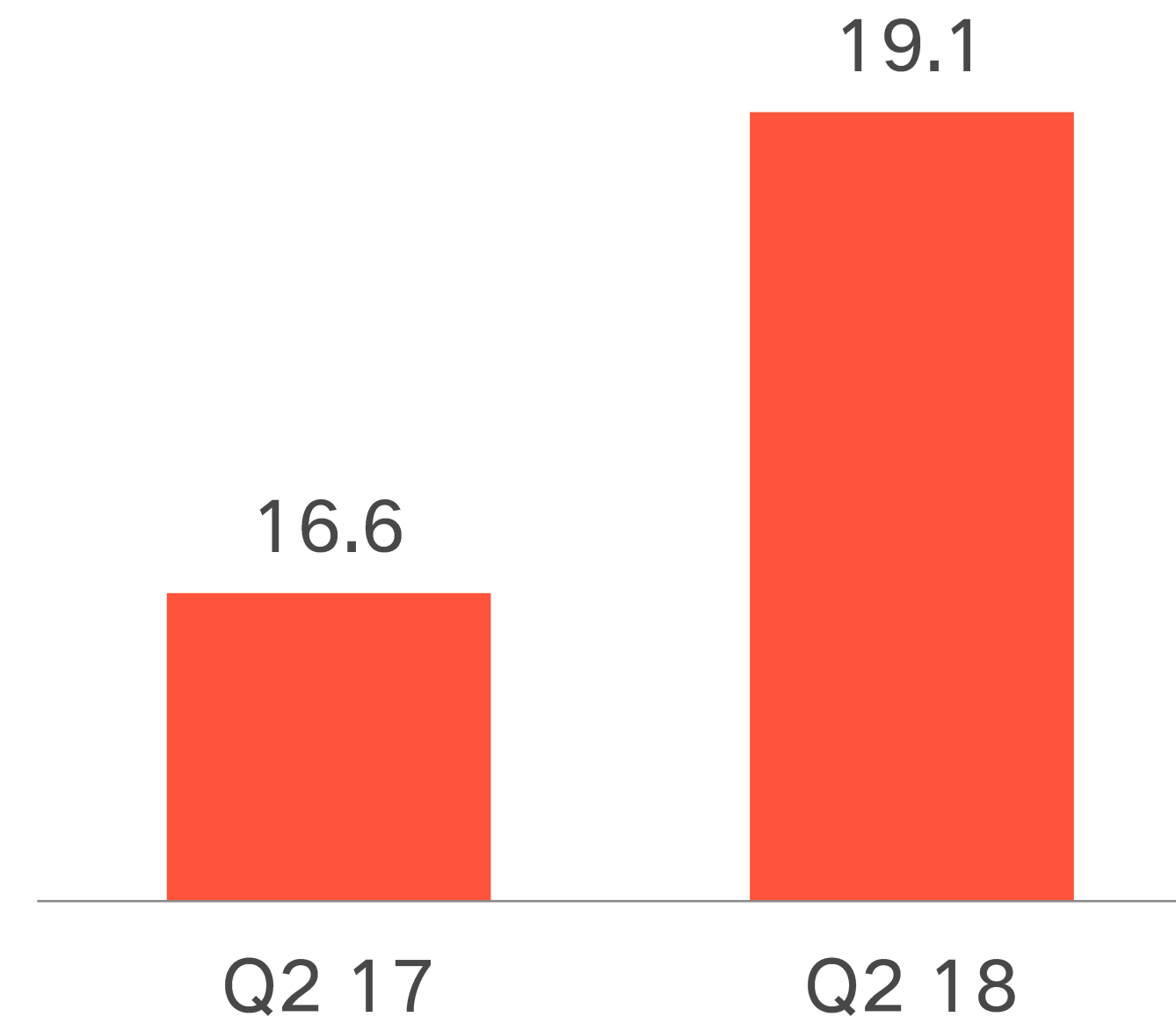
Xiaomi sustained MIUI user and ARPU growth



MIUI MAU
(in millions)



Quarterly ARPU
RMB

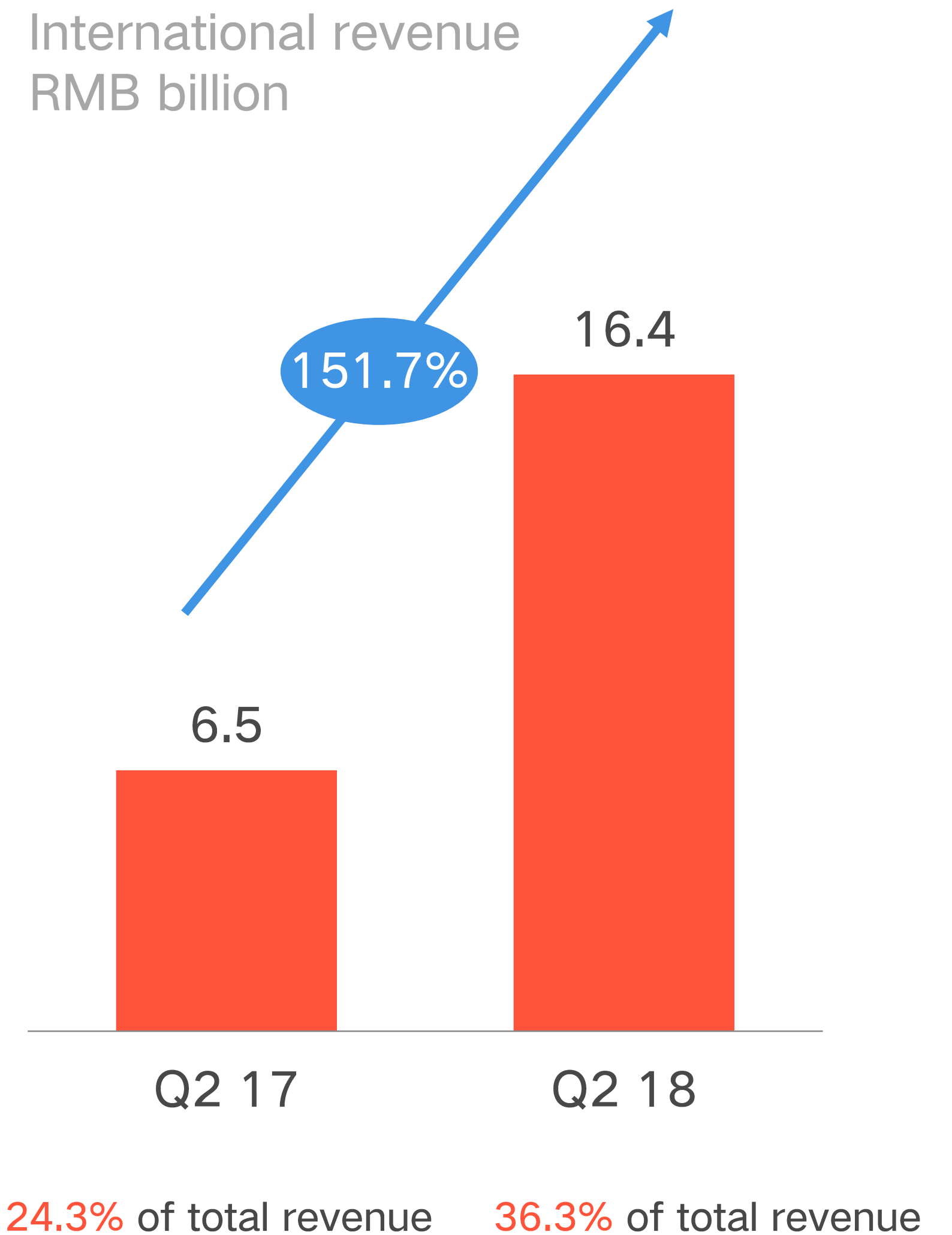




International



Q2 2018 international revenue continued to grow rapidly with YoY growth of **151.7%**, representing **36.3%** of total revenue





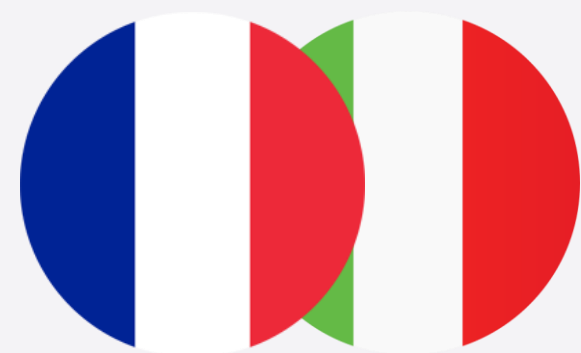
Xiaomi ranked top 5 in 25 smartphone markets



Continued robust growth in the India market and maintained **No.1** position in the smartphone market



Strong growth in Indonesia, currently **No.2** in the smartphone market

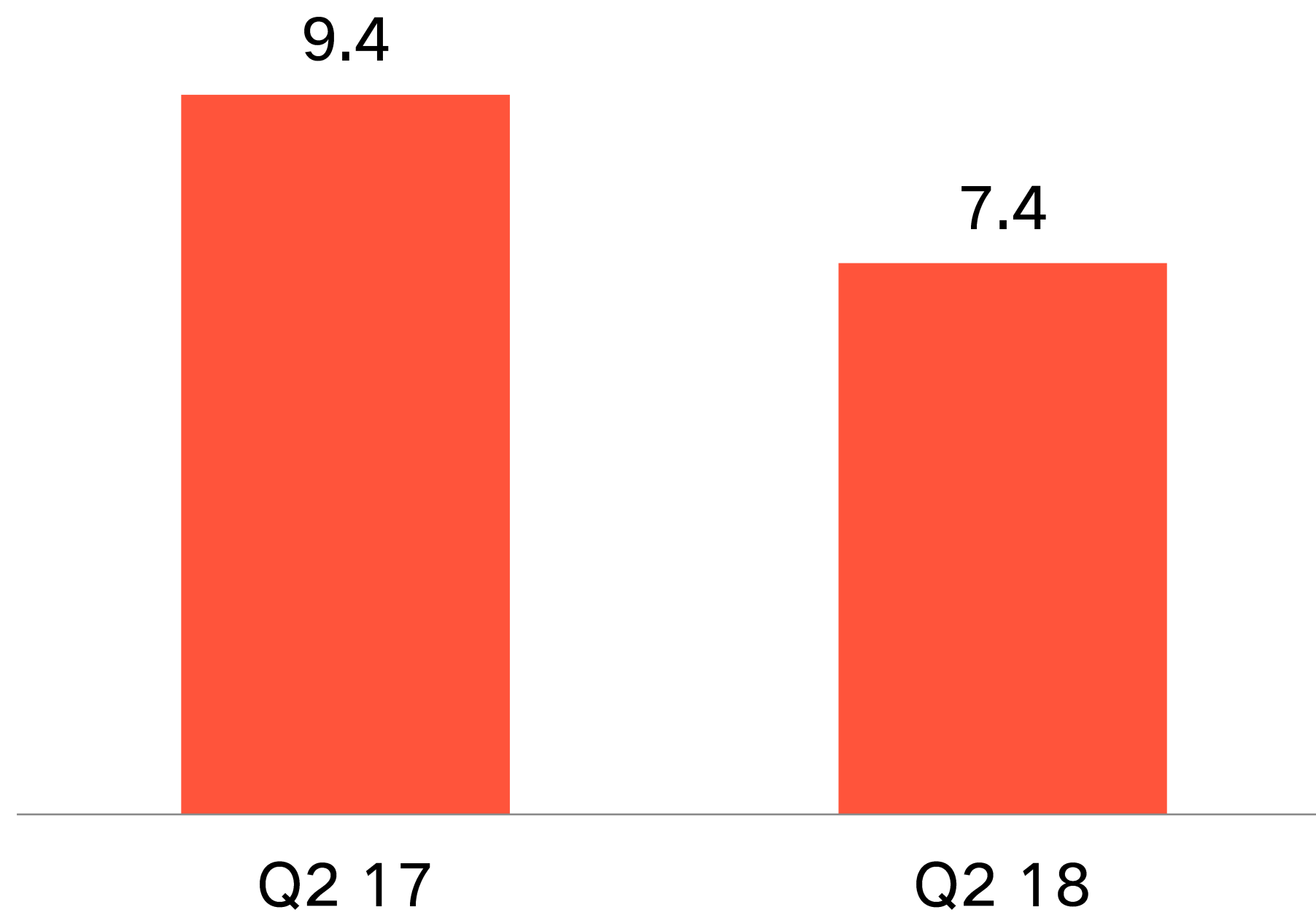


Rapid growth in West Europe and entered France and Italy in May, smartphone shipment YoY growth **exceeded 2700%**

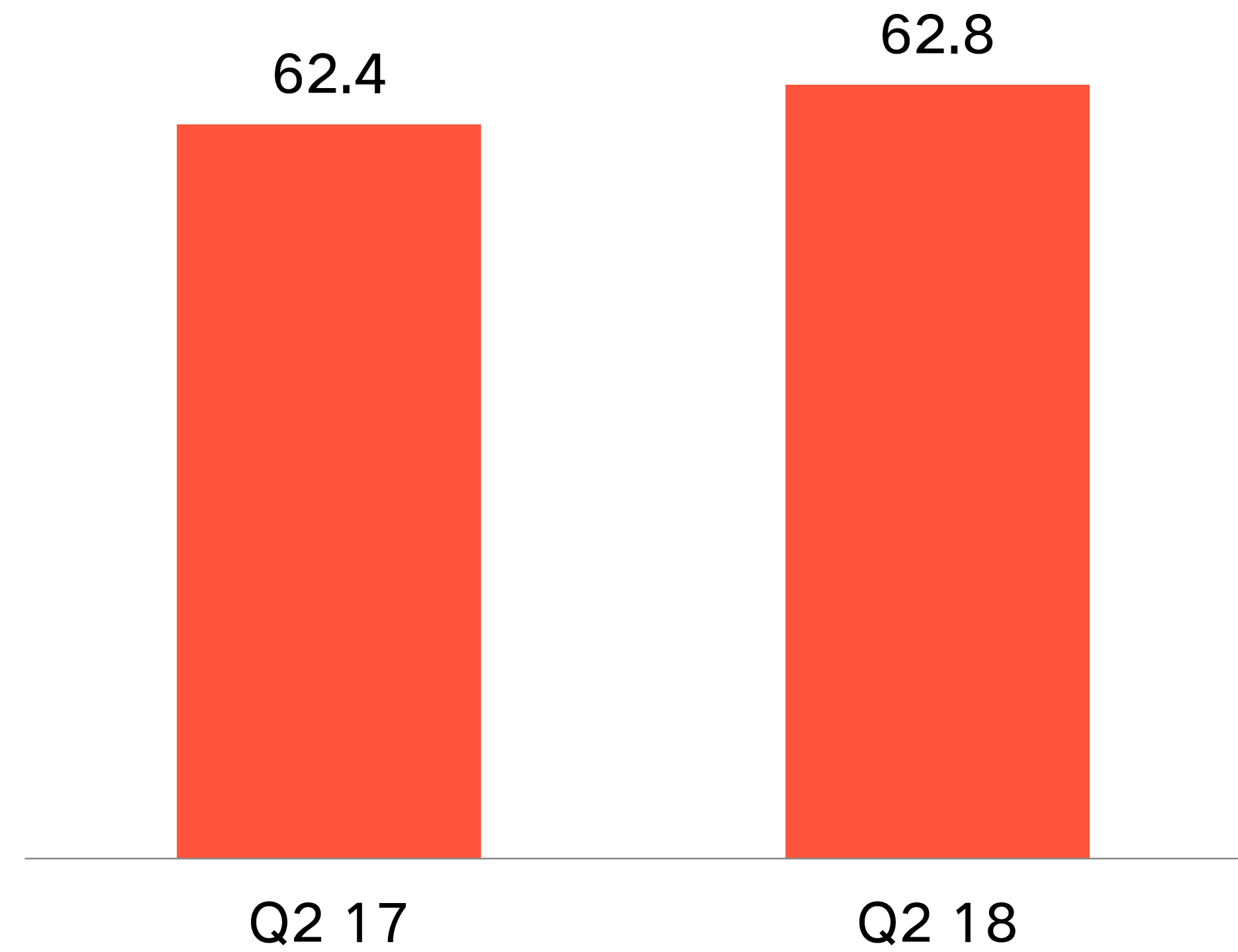
Gross margins by segment



Hardware gross margin¹
%



Internet services gross margin
%

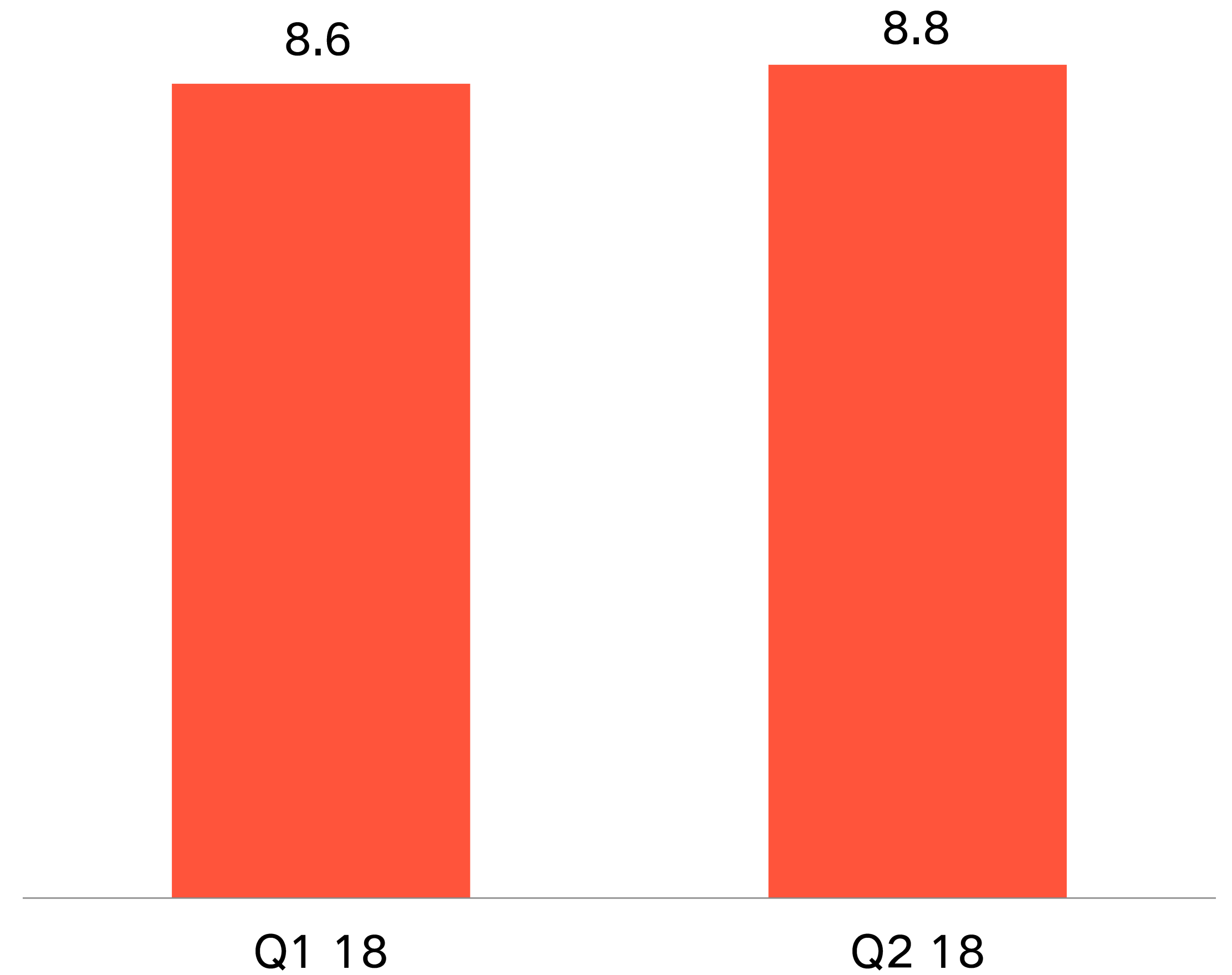


1. Hardware gross margin is derived from the sum of gross profits from smartphones and IoT and lifestyle products divided by the sum of their respective revenue * 100%



Operating expenses¹ breakdown
%

Stable operating expenses¹
ratio, exhibiting continued
operating efficiency



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



220+

Xiaomi has invested in over 220 companies as of Q2 2018

100+

With more than 100 invested companies focused on IoT and lifestyle products

Listed portfolio companies

Companies listed in 2018:

Selected companies listed previously:

Adjusted net profit

RMB (in millions)	Net profit	Net margin
IFRS	14,632.6	32.3%
Share-based compensation	10,527.3	
Fair value changes of convertible redeemable preferred shares	(22,532.7)	
Net fair value gains of investment	(510.9)	
Amortization of intangible assets resulting from acquisition	0.5	
Non-IFRS	2,116.8	4.7%

Working capital

Working capital	2Q18
Trade receivables turnover days	13
Inventory turnover days	42
Trade payables turnover days	85
Cash conversion cycle	(30)

Cash flow¹

RMB (in millions)	2Q18
Net cash generated from/(used in) operating activities	8,197.8
Net cash generated from/(used in) investing activities	(4,286.4)
Net cash generated from/(used in) financing activities	(685.0)
Net increase/(decrease) in cash and cash equivalents	3,226.4

¹Net cash generated from/(used in) operating activities excludes the increase in loan and interest receivables resulting from internet finance business; Net cash generated from/(used in) financing activities excludes change of borrowing for internet finance business



Group consolidated income statement

RMB (in millions)	2Q18	2Q17	YoY	1Q18	QoQ
Revenue	45,235.5	26,879.0	68.3%	34,412.3	31.5%
Cost of sales	(39,583.7)	(23,031.4)	71.9%	(30,110.9)	31.5%
Gross profit	5,651.8	3,847.6	46.9%	4,301.4	31.4%
Selling and marketing expenses	(2,075.7)	(1,143.5)	81.5%	(1,402.8)	48.0%
Administrative expenses	(10,456.9)	(228.8)	4469.5%	(465.3)	2147.2%
R&D expenses	(1,363.9)	(707.3)	92.8%	(1,103.8)	23.5%
Fair value changes on investments measured at fair value through profit or loss	526.9	1,738.3	-69.7%	1,762.9	-70.1%
Share of (losses) / gains of investments accounted for using equity method	(128.5)	(84.6)	51.9%	16.3	-887.0%
Other income	207.3	172.9	19.9%	158.2	31.0%
Other (losses) / gains, net	46.7	64.7	-27.8%	97.6	-52.1%
Operating profit	(7,592.0)	3,659.3	-307.5%	3,364.5	-325.6%
Finance (expenses) / income, net	(32.3)	4.5	-821.7%	17.8	-281.3%
Fair value changes of convertible redeemable preferred shares	22,532.7	(15,004.2)	-250.2%	(10,071.4)	-323.7%
Income tax expenses	(275.8)	(626.2)	-56.0%	(338.3)	-18.5%
(Loss) / profit for the period	14,632.6	(11,966.6)	-222.3%	(7,027.4)	-308.2%
Non-IFRS measurement:					
Adjusted net profit	2,116.8	1,691.5	25.1%	1,699.3	24.6%

