

# June Quarter 2016 Results



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This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including adjusted EBITDA, adjusted EBITA, segmental adjusted EBITA, Non-GAAP net income and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Non-GAAP Reconciliation.

# June Quarter 2016 Business Highlights

# Our Business + *Affiliate Businesses*

## DIGITAL MEDIA & ENTERTAINMENT



## CORE COMMERCE



## LOCAL SERVICES



Data Refuel

PAYMENT &  
FINANCIAL SERVICE

LOGISTICS

Data Creation

MARKETING SERVICES  
DATA MANAGEMENT PLATFORM

CLOUD COMPUTING

# Core Commerce

Taobao is a Social and Community Commerce Platform  
Driven by Smart Data



Tmall Enabling Brands to do Much More In Addition to Selling

## 618 Super Fan Festival

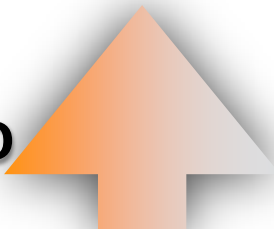


FMCG Category YoY

Mobile Category YoY

Beauty Category YoY

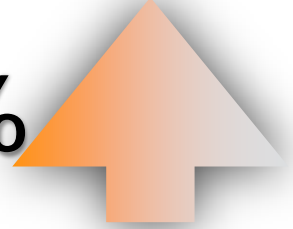
67%



70%



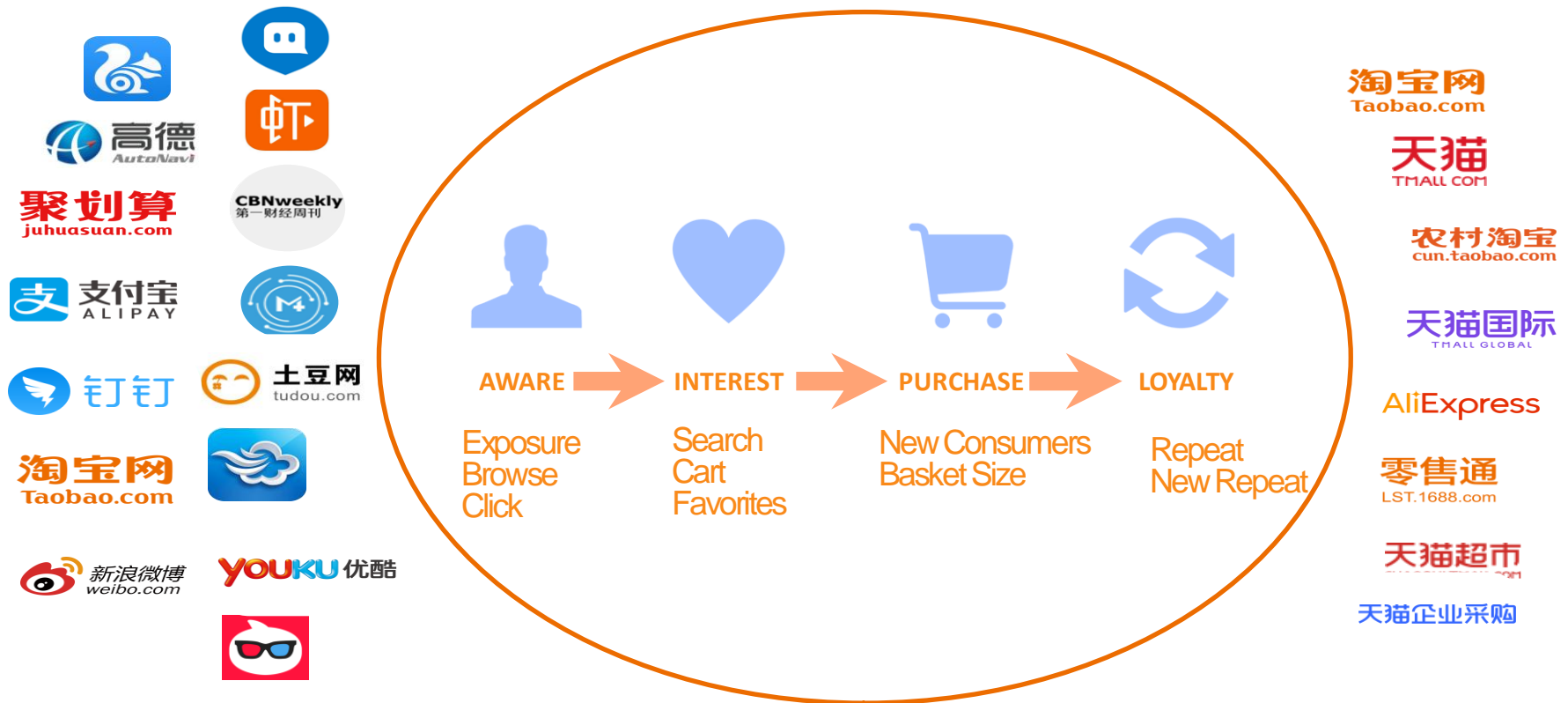
51%





# Connecting the Entire Value Chain of Digital Marketing and Digital Commerce

UNIFIED ID: TRACE AND OPTIMIZE PATH TO PURCHASE  
= ENHANCED KNOWLEDGE OF THE CONSUMER

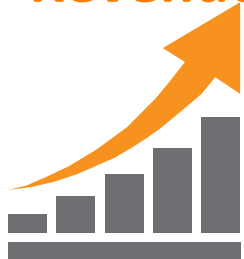


# June Quarter 2016 Financial Highlights



# June Quarter 2016 Highlights

## Revenue



**59%** YoY  
Total Revenue Growth

**49%** YoY  
China Commerce Retail  
Revenue Growth

## Cloud



**156%** AliCloud YoY  
Revenue Growth

Cloud Computing  
Segment Adjusted  
EBITA Loss Narrowed  
to **\$(24)MM**

## Mobile



**75%** Mobile Revenue  
as a % of China  
Commerce Retail Revenue

**427MM** Mobile MAUs <sup>(1)</sup>

**2.80%** Monetization Rate,  
Surpassing Non-mobile

## Strong Core Commerce Profitability



**\$2.5Bn** Core  
Commerce Segment  
Adjusted EBITA <sup>(2)</sup>

















**61%** Core Commerce  
Segment Adjusted  
EBITA Margin

Note: Unless otherwise indicated, all figures above are for the three months ended June 30, 2016.

(1) For the month ended June 30, 2016; based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces.

(2) All translations of RMB into US\$ were made at RMB6.6459 to US\$1.00.

# Segment Reporting

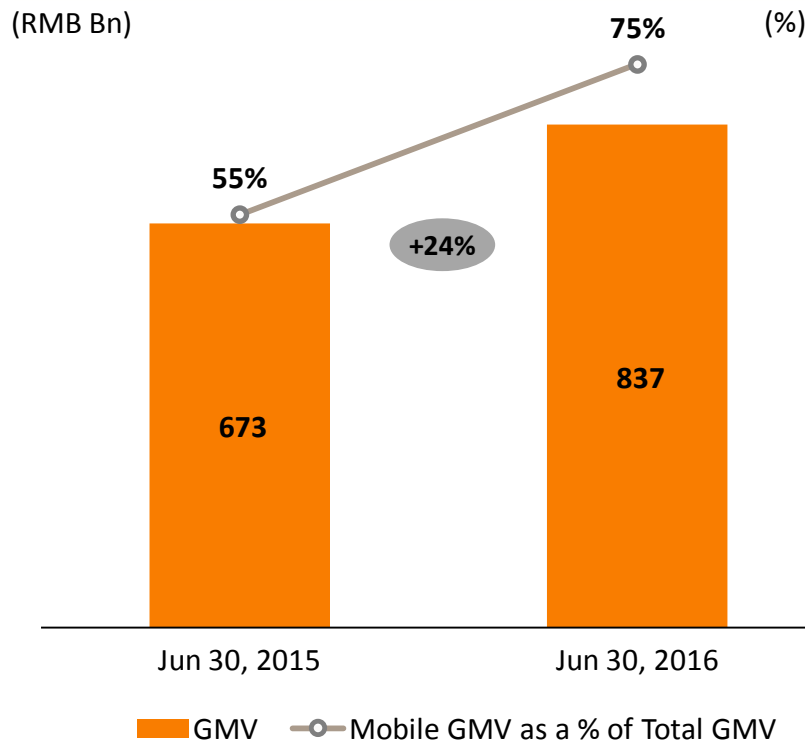
	Core Commerce	Cloud Computing	Digital Media Entertainment	Innovation Initiatives & Others	Un-allocated <sup>(2)</sup>	Consolidated
	<p><i>China Commerce Retail</i></p> <p> <b>淘宝网</b> 天猫 TMALL.COM<sup>TM</sup> Taobao.com</p> <p> <b>聚划算</b> 农村淘宝 juhuasuan.com cun.taobao.com</p> <p> <b>阿里妈妈</b> TMALL GLOBAL Alimama.com</p> <p><i>China Commerce Wholesale</i></p> <p> <b>阿里巴巴</b> 1688.com</p> <p><i>International Commerce Retail</i></p> <p> <b>AliExpress</b> LAZADA Smarter Shopping. Better Living! Worldwide Shopping</p> <p><i>International Commerce Wholesale</i></p> <p> <b>Alibaba.com</b> "Global trade starts here."</p>	<p> <b>阿里云</b> aliyun.com</p>	<p> <b>UC Web</b></p> <p> <b>优酷</b>  <b>土豆网</b> youku.com tudou.com</p> <p> <b>阿里体育</b> Alisports.com</p> <p> <b>阿里音乐</b>  <b>TMALL TV</b> Alibaba Music</p>	<p> <b>高德</b> Amap/Navit</p> <p> <b>YUNOS</b></p> <p> <b>钉钉</b></p>		
<b>Revenue (MM)</b>	<b>RMB 27,241 USD 4,099</b>	<b>RMB 1,243 USD 187</b>	<b>RMB 3,135 USD 472</b>	<b>RMB 535 USD 80</b>	-	<b>RMB 32,154 USD 4,838</b>
<b>Adjusted EBITA (MM)</b>	<b>RMB 16,624 USD 2,501</b>	<b>RMB (158) USD (24)</b>	<b>RMB (996) USD (150)</b>	<b>RMB (887) USD (133)</b>	<b>RMB (824) USD (124)</b>	<b>RMB 13,759 USD 2,070</b>
<b>Adjusted EBITA Margin (%)</b>	<b>61%</b>	<b>(13)%</b>	<b>(32)%</b>	<b>(166)%</b>		<b>43%</b>

- Note:
1. Segmental information presented after elimination of inter-company transactions.
  2. Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.
  3. All translations of RMB into US\$ were made at RMB6.6459 to US\$1.00.

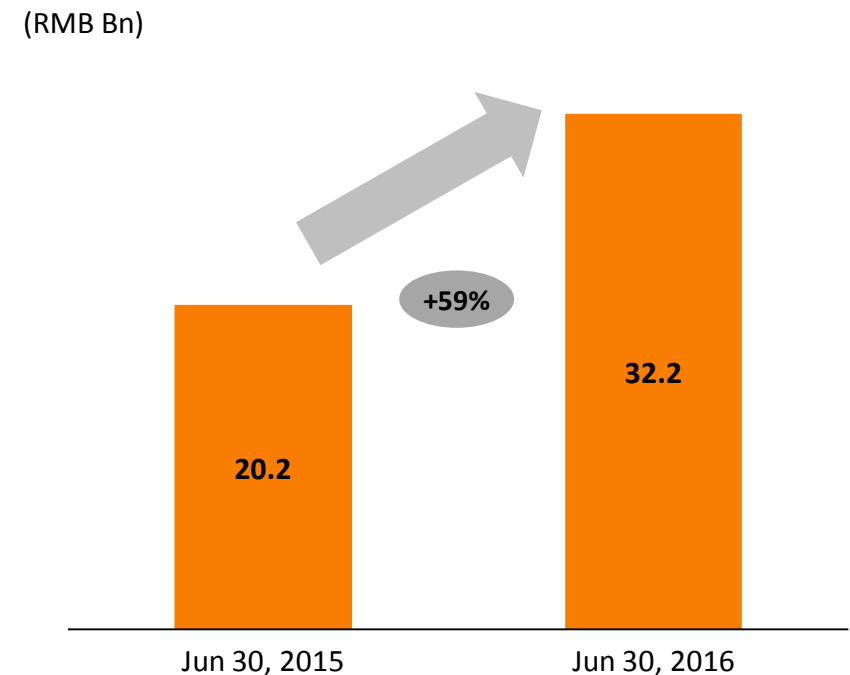
# June Quarter 2016 Financial Highlights

- Revenue growth far exceeds GMV growth due to (i) increasing monetization in Core Commerce and (ii) revenue traction from Cloud Computing and (iii) diversification into Digital Media and Entertainment.

## GMV and Mobile Penetration



## Revenue



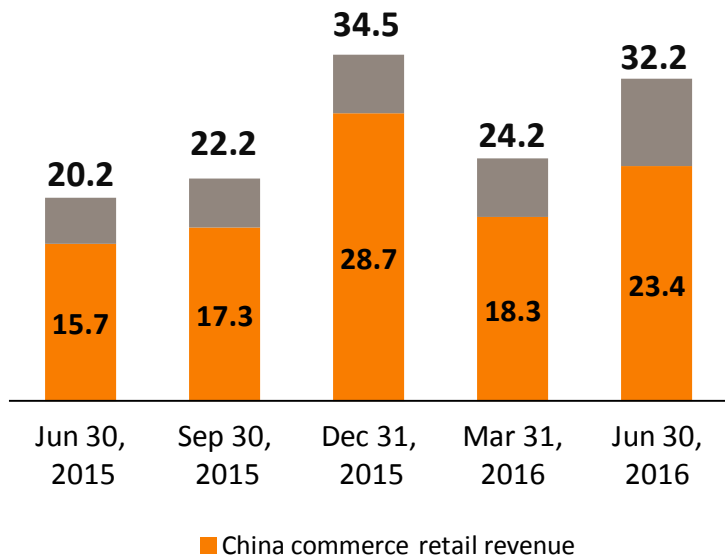
Note: For the three months ended on the respective dates

# Quarterly Revenue

- Total revenue YoY growth of 59% was driven by (i) accelerated revenue growth of China commerce retail, (ii) robust growth of Cloud Computing, (iii) strong monetization of UCWeb users and (iv) acquisition of Youku
- Revenue increase in China commerce retail business was primarily driven by online marketing services revenue as a result of deep value proposition that we bring to our customers

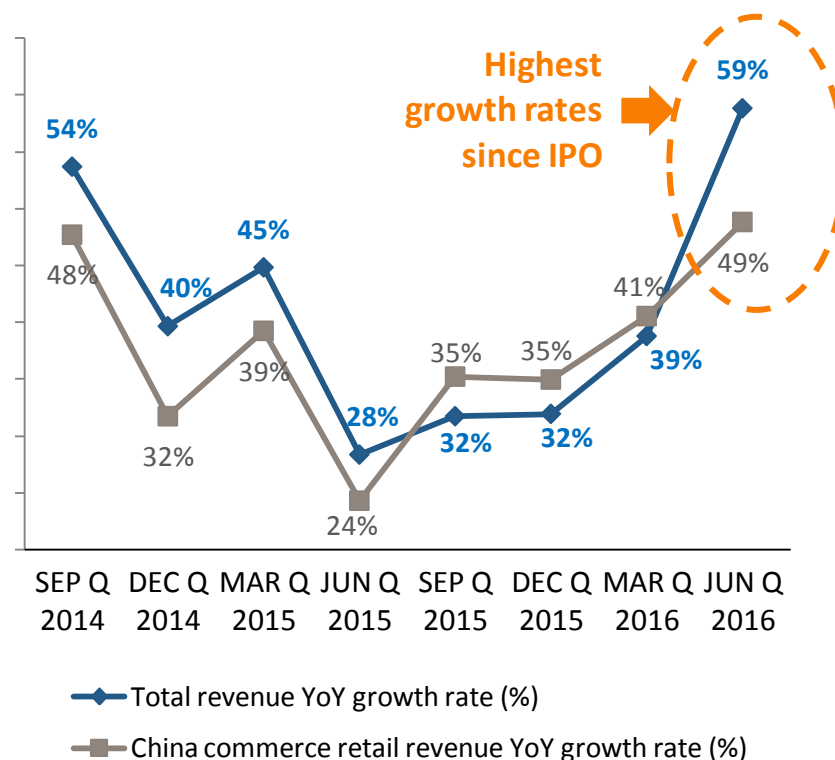
## Total Revenue

(RMB Bn)



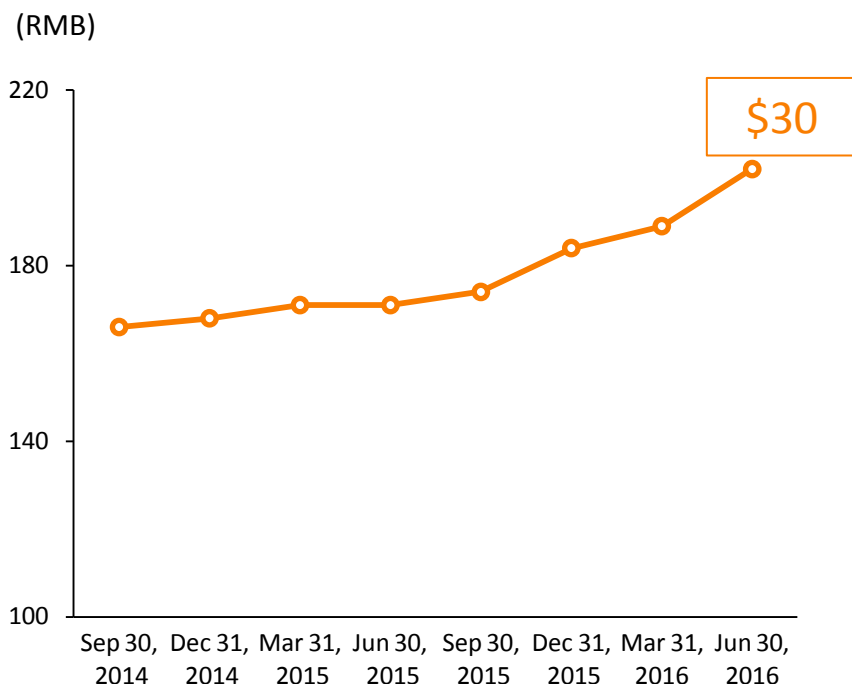
Note: For the three months ended on the respective dates.

## Revenue Growth

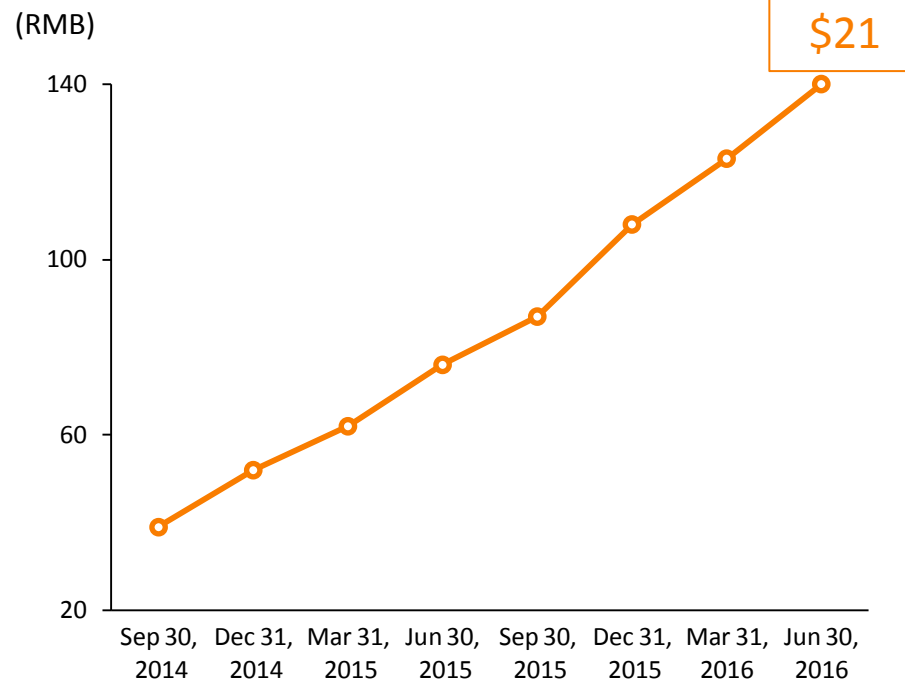


# Continued Upward Trend in Monetizing User Base

Annual China Retail Revenue / Annual Active Buyer <sup>(1)</sup>



Annual China Retail Mobile Revenue / Mobile MAU <sup>(2)</sup>



Note:

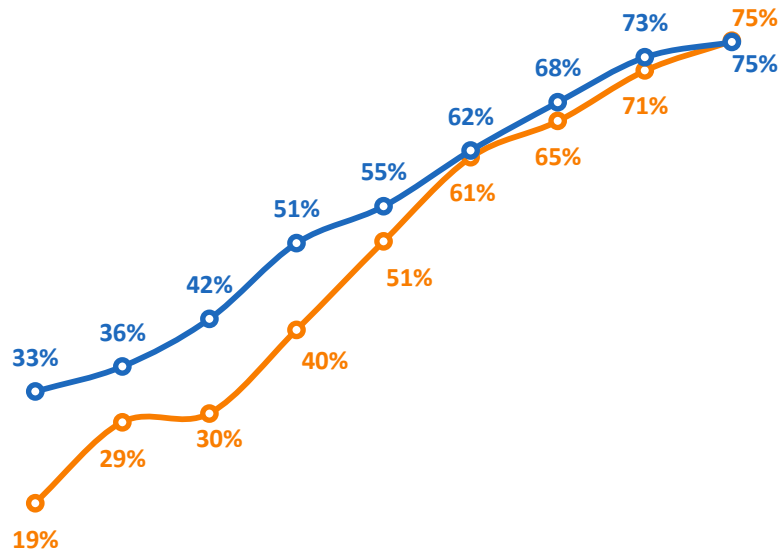
- (1) China commerce retail revenue per active buyer for each of the above periods is derived from the China commerce retail revenue for the last 12-month period, divided by the annual active buyers for the same 12-month period.
- (2) Annual mobile revenue per mobile MAU from China commerce retail is calculated by dividing mobile revenue from China commerce retail for the last 12-month period by the mobile MAUs at the end of the same period.

# Successful Mobile Transition

- Mobile monetization reached 2.80% this quarter, surpassing the non-mobile monetization rate for the first time since we commenced mobile monetization in the fourth quarter of 2013.

## China Retail Commerce: Quarterly Penetration of Mobile Revenue and Mobile GMV

(% of Revenue)



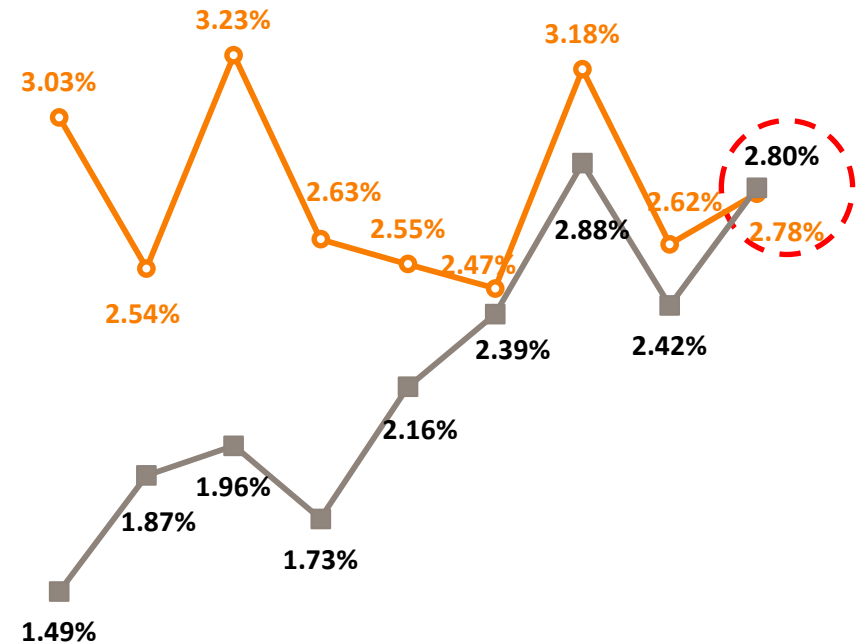
For 3M ended Jun 30, 2014 Sep 30, 2014 Dec 31, 2014 Mar 31, 2015 Jun 30, 2015 Sep 30, 2015 Dec 31, 2015 Mar 31, 2016 Jun 30, 2016

—○— Mobile revenue as a % of China commerce retail revenue

—○— Mobile GMV as a % of total GMV

## Mobile and Non-Mobile Monetization Rate (China Commerce Retail)

(%)

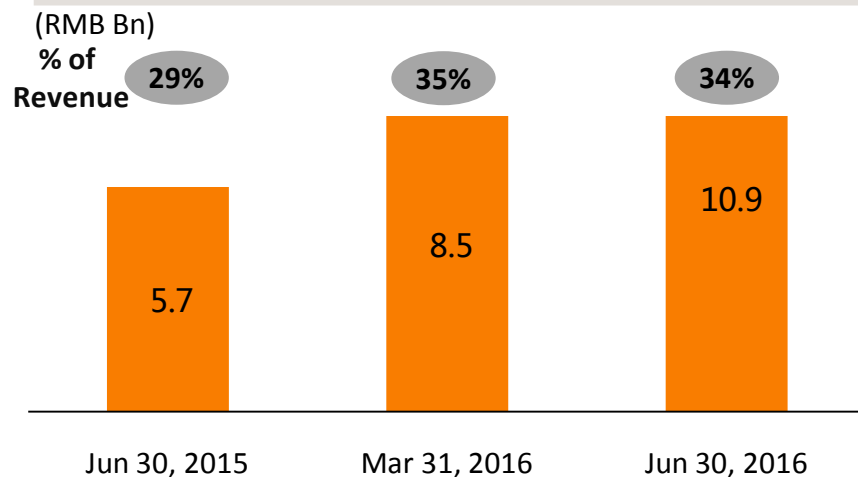


Jun 30, 2014 Sep 30, 2014 Dec 31, 2014 Mar 31, 2015 Jun 30, 2015 Sep 30, 2015 Dec 31, 2015 Mar 31, 2016 Jun 30, 2016

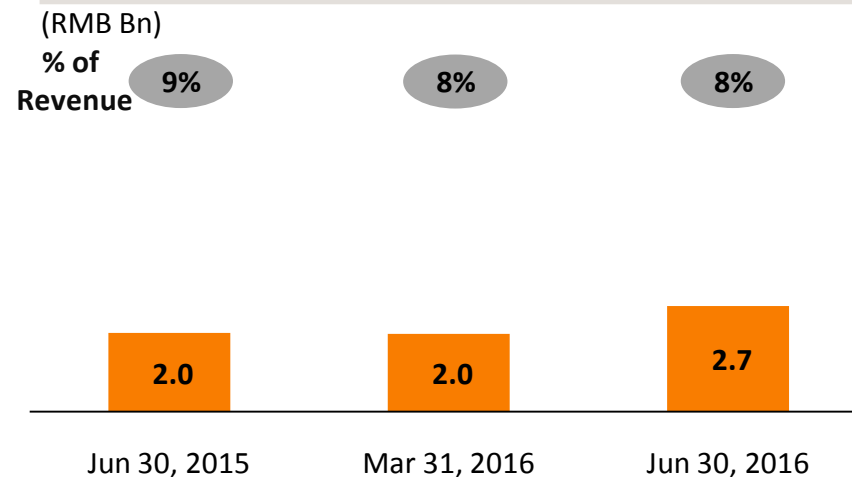
—○— Non-mobile monetization rate —■— Mobile monetization rate

# Quarterly Cost Trends

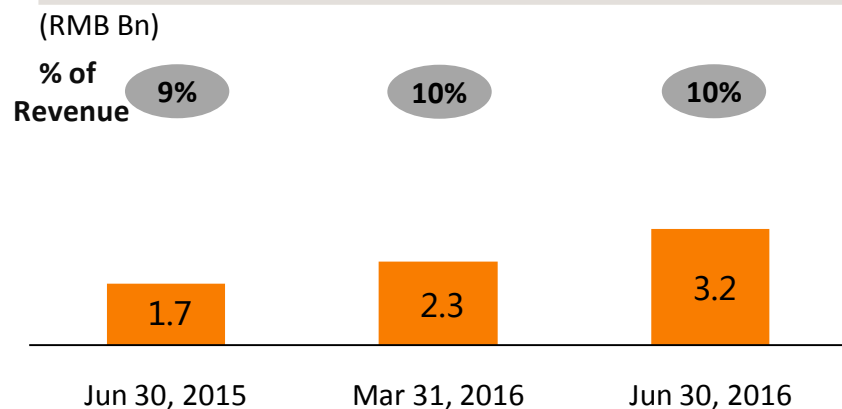
## Cost of Revenue (Excluding SBC)



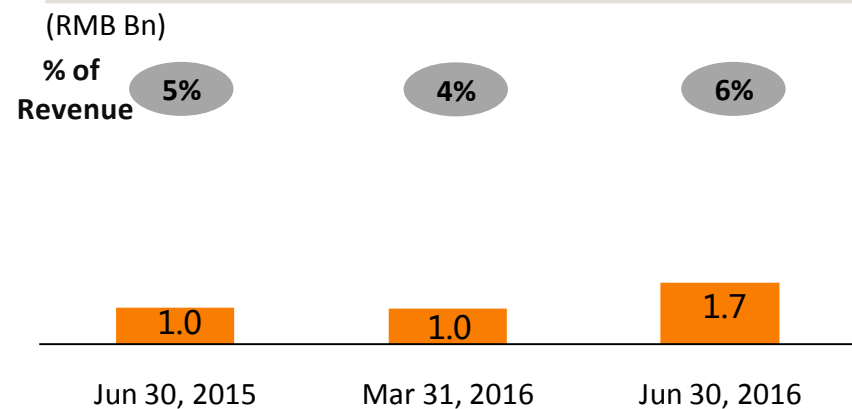
## Product Development Expenses (Excluding SBC)



## Sales & Marketing Expenses (Excluding SBC)



## General & Administrative Expenses (Excluding SBC)



Note: For the three months ended on the respective dates.



# Share of Results of Equity Investees

- The increase in share of losses of equity investees during the quarter ended June 30, 2016 compared to the previous quarter was primarily due to an accounting loss related to dilution of our ownership interest in Weibo (as a result of its issuance of share-based compensation) and an increase in losses of Cainiao Network (relating to its share-based compensation) and other investees, partially offset by a decrease in loss of Koubei
- If excluding the dilution gain from March quarter 2016, the share of equity loss would be comparable

In RMB MM unless otherwise stated	Jun Q 2015	Mar Q 2016	Jun Q 2016
<b>Share of results of equity investees:</b>			
- Koubei	—	(762)	(245)
- Youku Tudou	(95)	(152)	-
- Cainiao Network	(59)	(94)	(227)
- Other equity investees	(140)	(102)	(264)
<b>Dilution gains (losses)</b>	<b>79</b>	<b>745</b>	<b>(239)</b>
<b>Others<sup>(1)</sup></b>	<b>(192)</b>	<b>(347)</b>	<b>(493)</b>
<b>TOTAL</b>	<b>(407)</b>	<b>(712)</b>	<b>(1,468)</b>

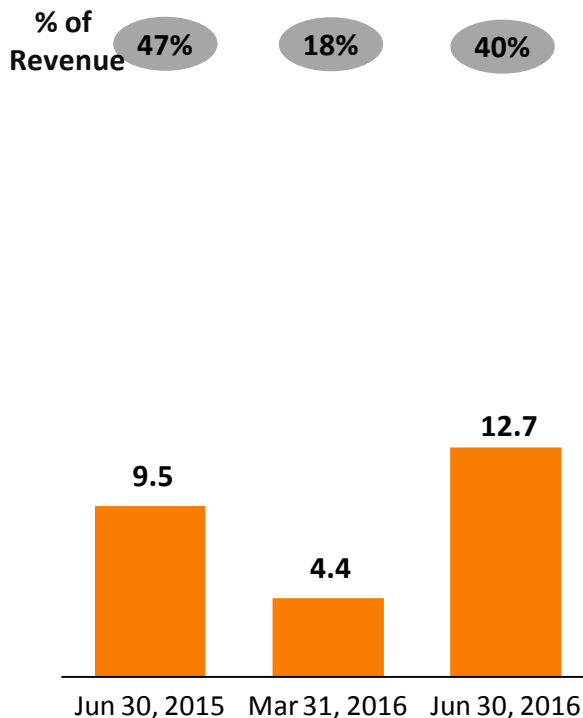
Note:

- Others mainly include amortization of intangible assets of equity investees, share-based compensation expenses and impairment charges.

# Free Cash Flow, Capital Expenditures and Cash

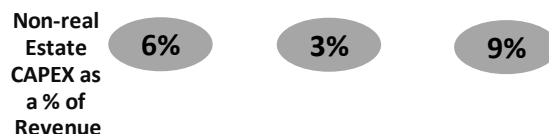
## Free Cash Flow <sup>(1)</sup>

(RMB Bn)



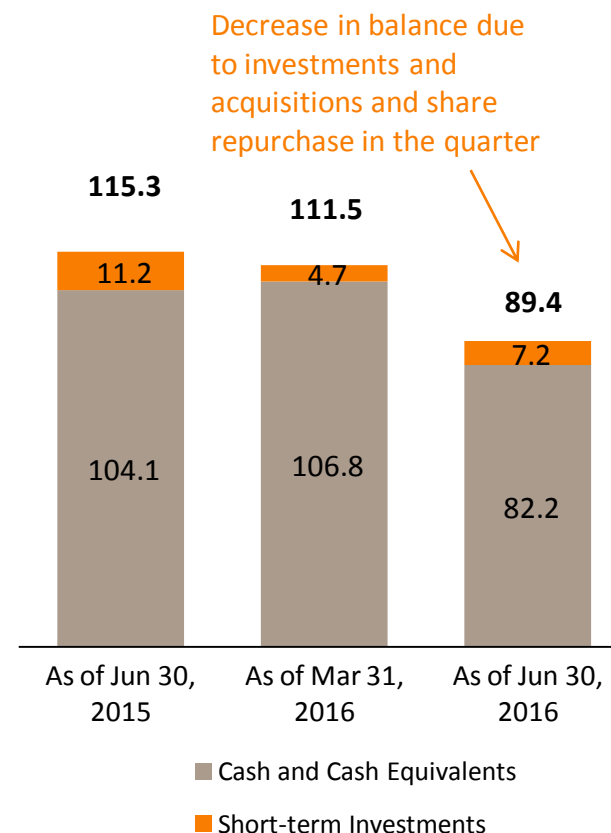
## Capital Expenditures and Intangible Assets

(RMB Bn)



## Cash, Cash Equivalents and Short-term Investments

(RMB Bn)



Free Cash Flow

Non-real Estate CAPEX and Intangible Assets  
Acquisitions of Land Use Rights and Construction in Progress

Cash and Cash Equivalents  
Short-term Investments

Note: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates.

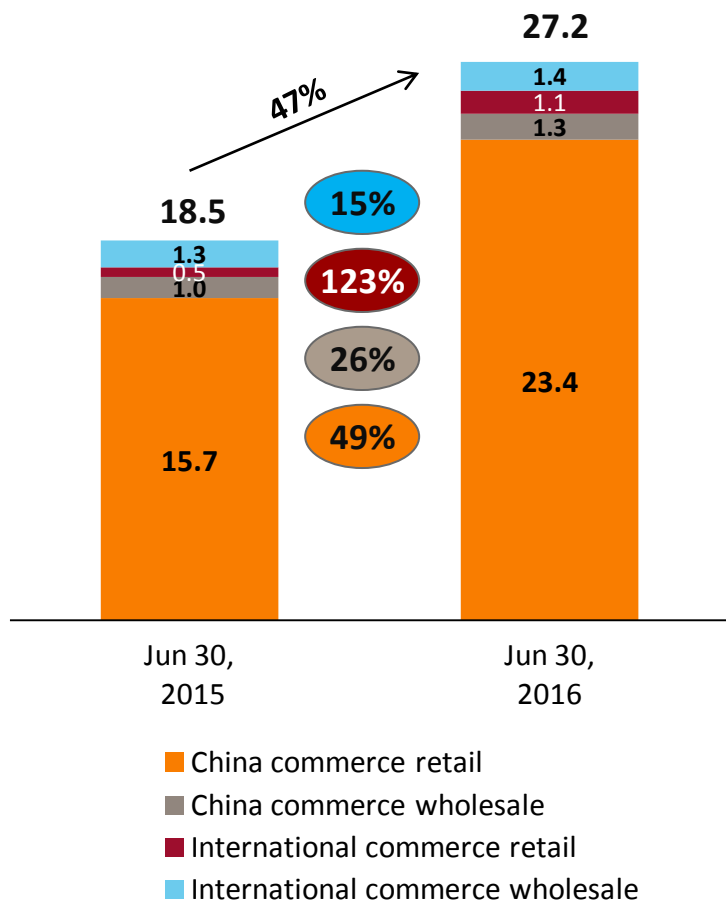
(1) Free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and adjusted for changes in loan receivables relating to micro loans of its SME loan business and others

# Segment Reporting – Core Commerce

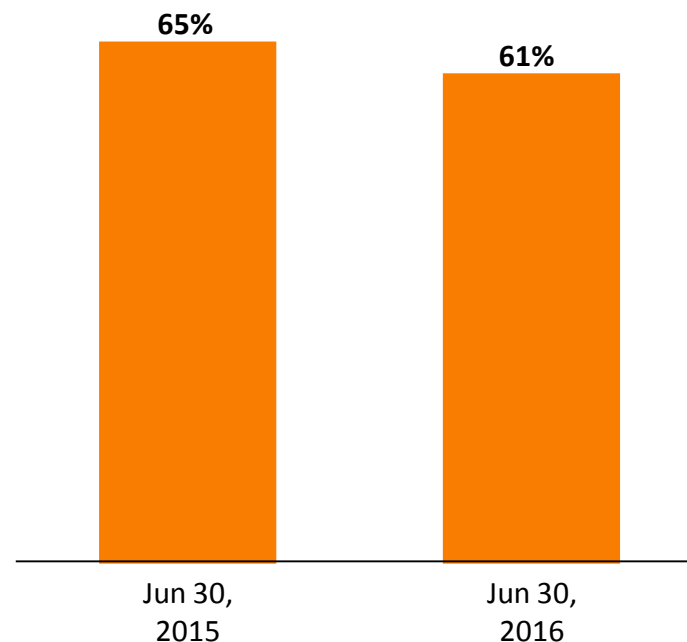
- Core commerce segment revenue increased YoY due to strong momentum of China commerce retail revenue growth, mainly driven by robust growth of online marketing service revenue. This reflects broader value proposition of our platform.
- Segment adjusted EBITA margin decreased YoY due to consolidation of Lazada and investments in Tmall Supermarket.

## Segment Revenue

(RMB Bn)



## Segment Adjusted EBITA Margin

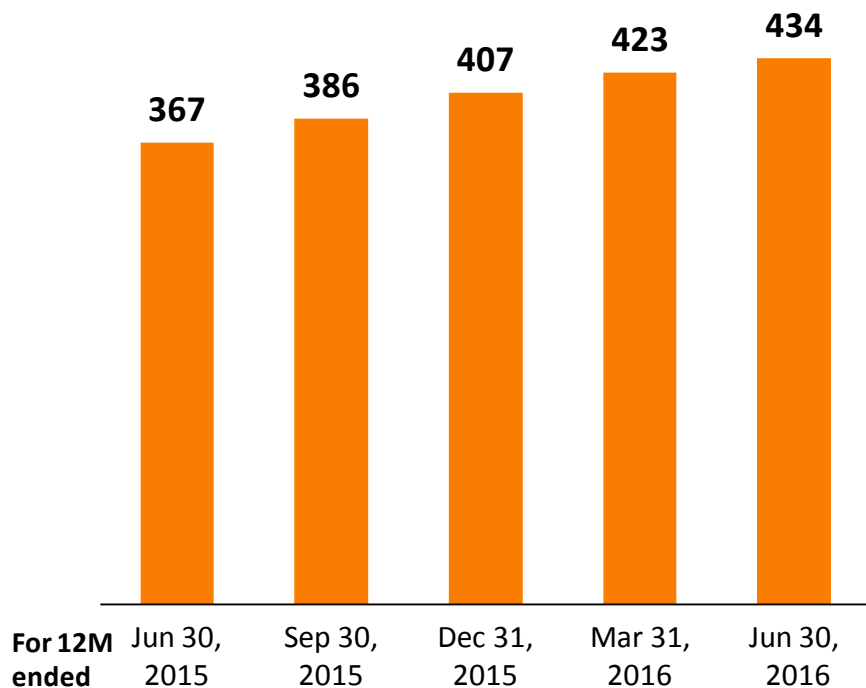


Note: For the three months ended on the respective dates.

# Core Commerce – China Commerce Retail - Active Buyers & Mobile MAUs

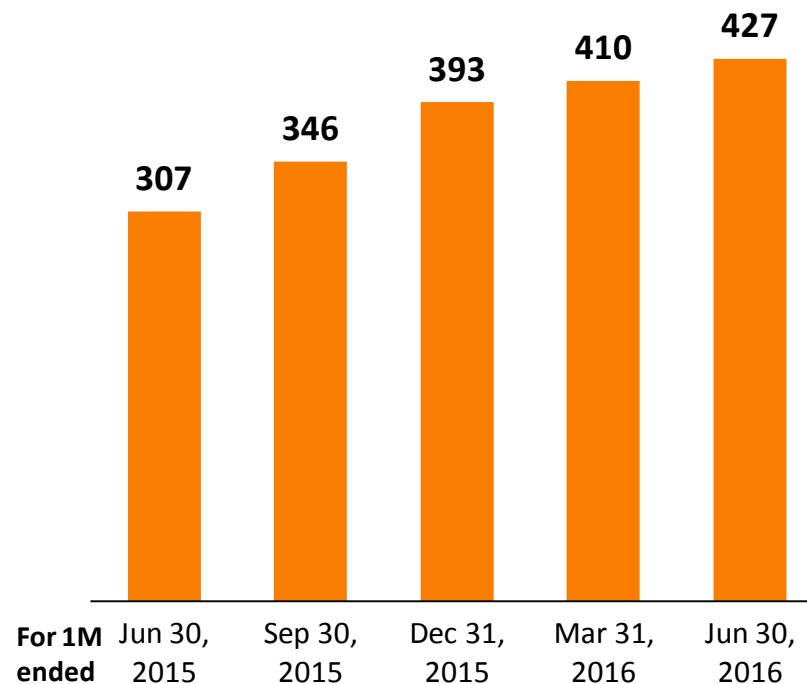
## Annual Active Buyers

(In Millions)



## Mobile MAUs

(In Millions)

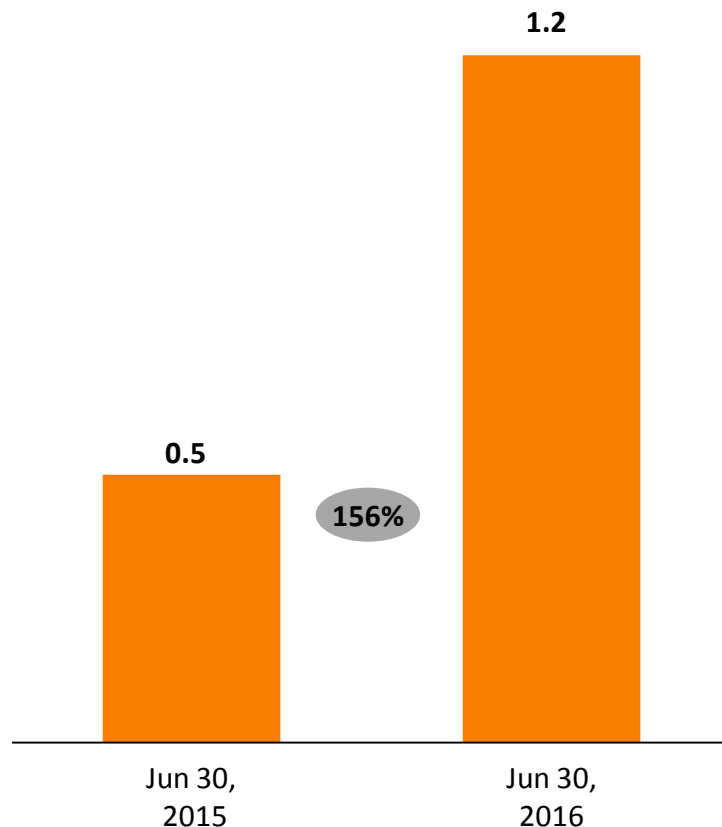


# Segment Reporting – Cloud Computing

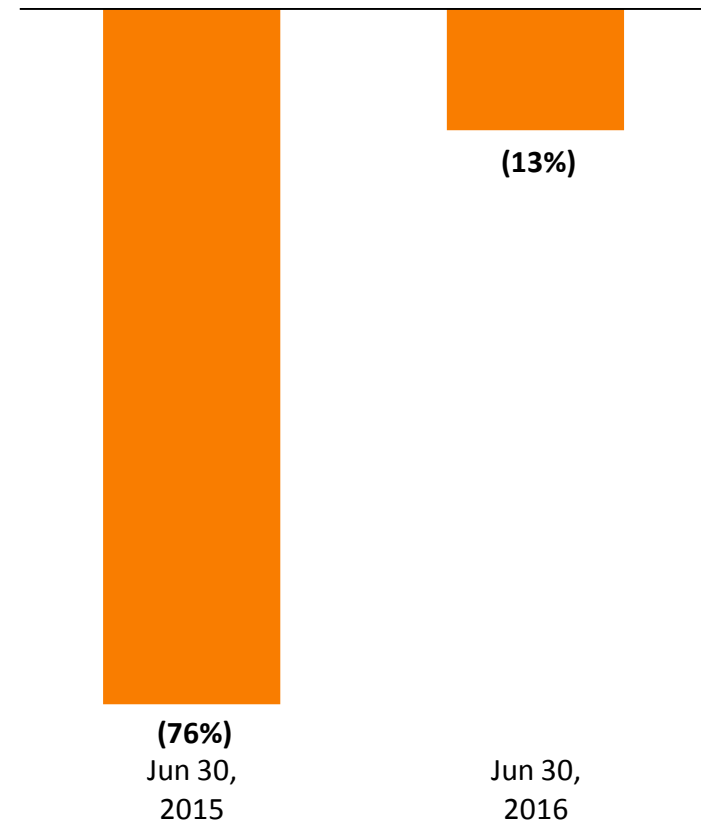
- Cloud computing paying customers increased 119% YoY to 577k and launched 319 new products and features during the quarter.
- Segment adjusted EBITA margin significantly improved YoY due to robust revenue growth and economies of scale.

## Segment Revenue

(RMB Bn)



## Segment Adjusted EBITA Margin



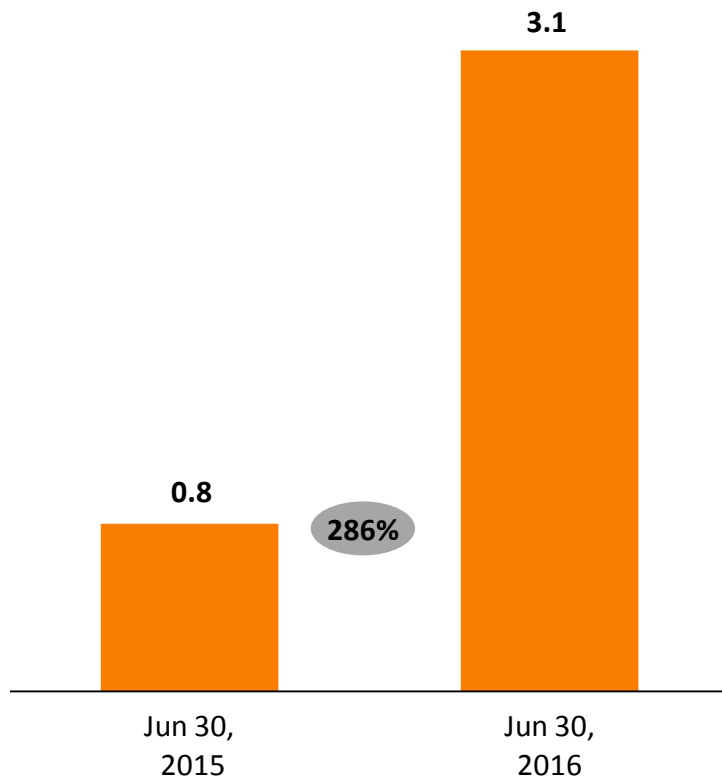
Note: For the three months ended on the respective dates.

# Segment Reporting – Digital Media & Entertainment

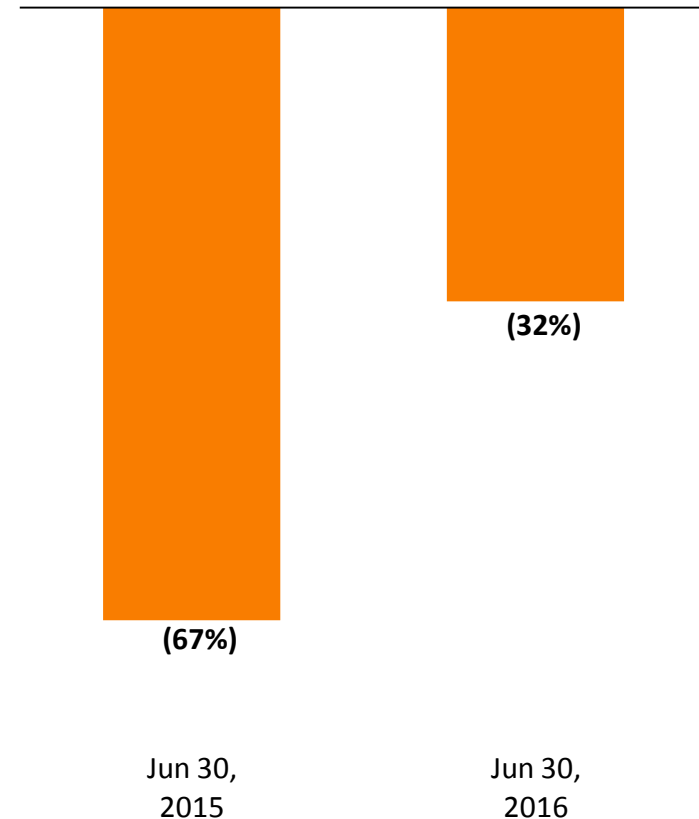
- UCWeb is one of the world's top 3 mobile browsers according to StatCounter, with over 420 million MAUs in June. We are starting to meaningfully monetize UCWeb's user base through mobile search and mobile media products such as news feeds.
- Segment revenue grew 286% YoY primarily due to consolidation of Youku

## Segment Revenue

(RMB Bn)



## Segment Adjusted EBITA Margin



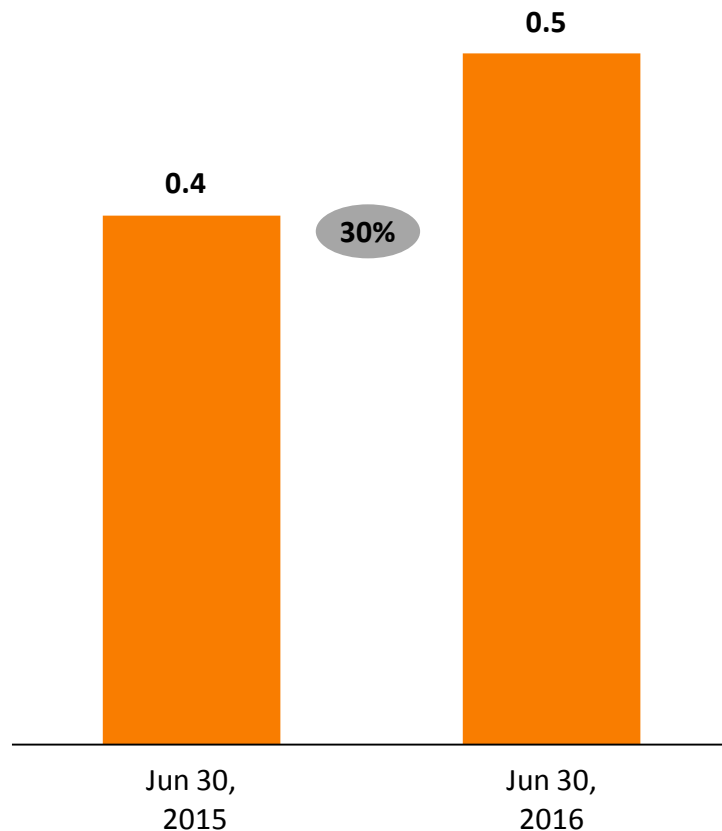
Note: For the three months ended on the respective dates.

## Segment Reporting – Innovation Initiatives & Others

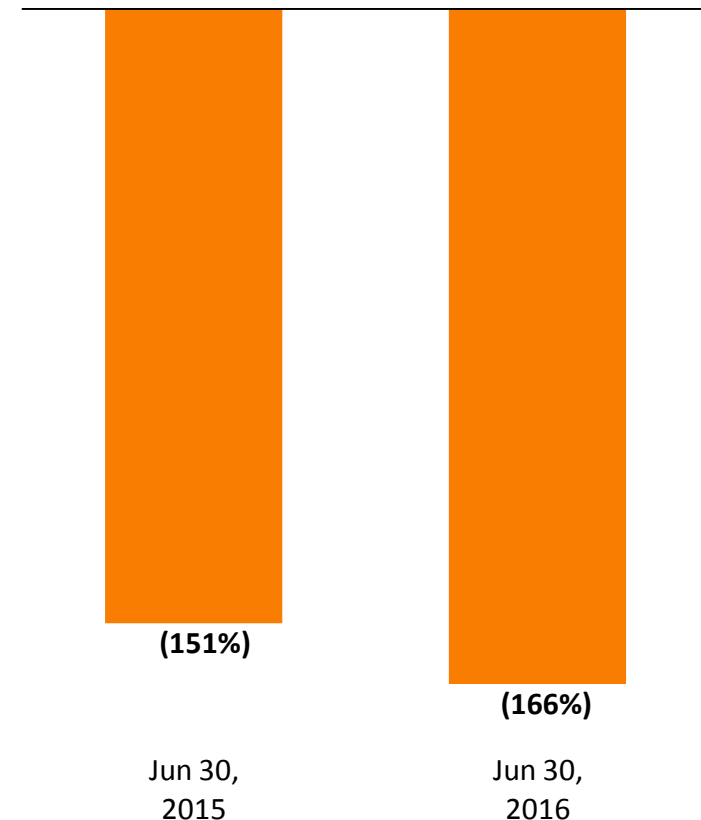
- The innovation initiatives and Others segment includes businesses such as the YunOS operating system for mobile devices, cars and Internet of Things, AutoNavi, DingTalk enterprise messaging and others
- These businesses represent our strategic investments into future growth and are in the initial investment phase.

### Segment Revenue

(RMB Bn)



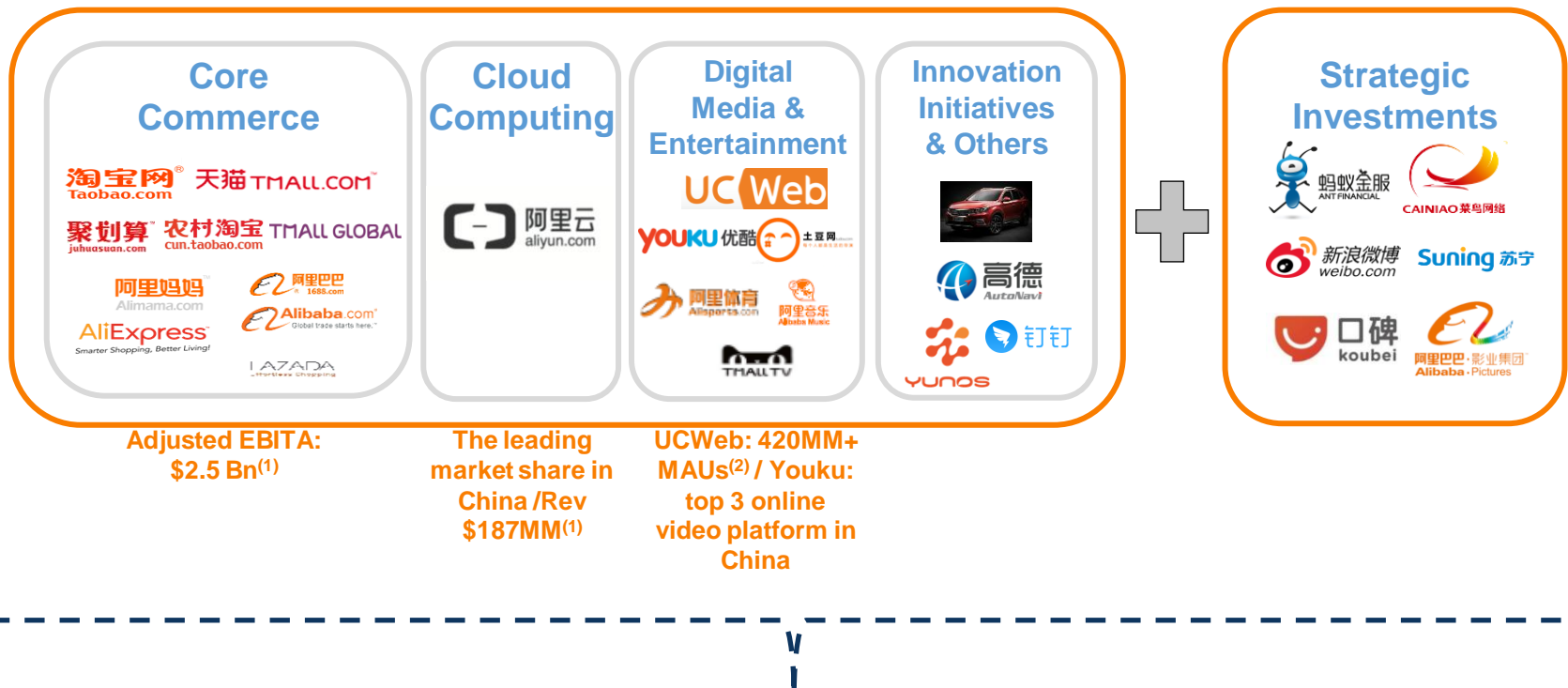
### Segment Adjusted EBITA Margin



Note: For the three months ended on the respective dates.



# The Valuation of Our Company



Note:

1. For the three months ended June 30, 2016; translations of RMB into US\$ were made at RMB6.6459 to US\$1.00.
2. For the month ended June 30, 2016

# GAAP to Adjusted/Non-GAAP Measures Reconciliation

	For the Three Months Ended		
	Jun 30, 2015	Jun 30, 2016	
<b>Adjusted EBITDA</b>	(RMB MM)	(RMB MM)	(US\$MM)
Income from operations	5,161	8,814	1,326
Add: Share-based compensation expense	3,995	3,694	556
Add: Depreciation and amortization of property and equipment and land use rights	782	1,204	181
Add: Amortization of intangible assets	647	1,251	188
<b>Adjusted EBITDA</b>	<b>10,585</b>	<b>14,963</b>	<b>2,251</b>
<i>Adjusted EBITDA margin</i>	<i>52%</i>	<i>47%</i>	
<b>Non-GAAP net income</b>			
Net income	<b>30,816</b>	<b>7,142</b>	<b>1,075</b>
Add: Share-based compensation expense	3,995	3,694	556
Add: Amortization of intangible assets	647	1,251	188
Add: Impairment of goodwill and investments	60	77	12
Less: Gain on deemed disposals/disposals/ revaluation of investments and others	(26,088)	(43)	(7)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	66	66	10
<b>Non-GAAP net income</b>	<b>9,496</b>	<b>12,187</b>	<b>1,834</b>
<b>Free cash flow</b>			
Net cash provided by operating activities	10,400	14,958	2,251
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(1,130)	(2,794)	(420)
Add: Changes in loan receivables, net and others	278	581	87
<b>Free cash flow</b>	<b>9,548</b>	<b>12,745</b>	<b>1,918</b>

