

March Quarter & Fiscal Year 2016 Results



This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “potential,” “continue,” “ongoing,” “targets” and similar statements. Among other things, statements that are not historical facts, including statements about Alibaba’s beliefs and expectations, the business outlook and quotations from management in this presentation, as well as Alibaba’s strategic and operational plans, are or contain forward-looking statements. Alibaba may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Alibaba’s goals and strategies; Alibaba’s future business development; Alibaba’s ability to maintain the trusted status of its ecosystem, reputation and brand; Alibaba’s ability to retain or increase engagement of buyers, sellers and other participants in its ecosystem and enable new offerings; Alibaba’s ability to successfully monetize traffic on its mobile platform; risks associated with limitation or restriction of services provided by Alipay; risks associated with increased investments in Alibaba’s business; risks associated with acquisitions; privacy and regulatory concerns; competition; security breaches; the continued growth of the e-commerce market in China and globally; and fluctuations in general economic and business conditions in China and globally and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Alibaba’s filings with the SEC. All information provided in this presentation is as of the date of this presentation and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including Non-GAAP EBITDA, 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.

Fiscal Year 2016 Highlights

Fiscal Year 2016 Highlights



US\$485Bn
(RMB 3.1Tn)
Annual GMV ⁽¹⁾



423MM
Annual
Active Buyers



410MM
Mobile MAUs ⁽³⁾



US\$15.7Bn
Total Revenue ⁽²⁾



33%
YoY Revenue
Growth



US\$8.0Bn
Non-GAAP
Free Cash Flow ⁽²⁾

Note: Unless otherwise indicated, all figures above are for the twelve months ended March 31, 2016.

(1) Represents the sum of GMV in U.S. dollars reported for the quarters ended June 30, September 30 and December 31, 2015 and March 31, 2016, each converted from the RMB amounts at the exchange rate as of the end of each relevant quarter.

(2) All translations of RMB into US\$ were made at RMB6.4480 to US\$1.00.

(3) For the month ended March 31, 2016; based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces.



Surpassed **RMB 3 Trillion** in GMV



Surpassed **RMB 100 Billion** in Revenue



Winning in Mobile Commerce

65% of China Commerce Retail GMV

63% of China Commerce Retail Revenue

149% YoY Mobile Revenue Growth



Triple-digit revenue growth

Over **500,000** paying members

March Quarter 2016 Highlights

March Quarter 2016 Highlights



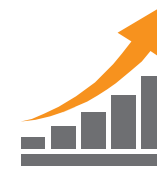
423MM

Annual
Active Buyers ⁽¹⁾



410MM

Mobile MAUs ⁽²⁾



39% YoY

Revenue Growth

71% Mobile Revenue
as a % of China
Commerce Retail Revenue



24% YoY

GMV Growth

73% Mobile GMV
as a % of China
Commerce Retail GMV



175% AliCloud YoY

Revenue Growth



US\$1.2Bn

Non-GAAP Net Income ⁽³⁾

Note: Unless otherwise indicated, all figures above are for the three months ended March 31, 2016.

(1) For the twelve months ended March 31, 2016.

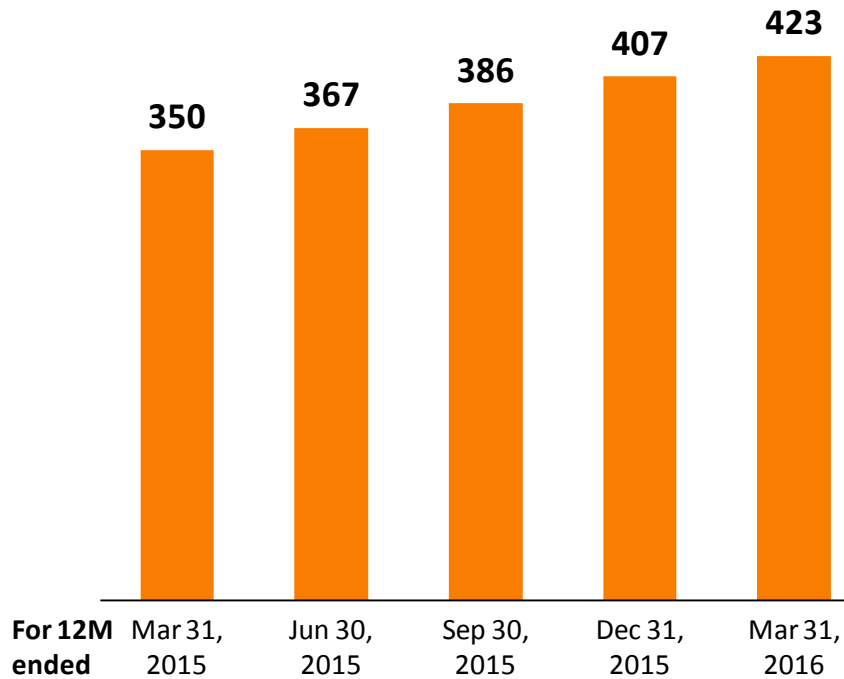
(2) For the month ended March 31, 2016; based on the aggregate mobile MAUs of apps that contribute GMV on our China retail marketplaces.

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Active Buyers & Mobile MAUs

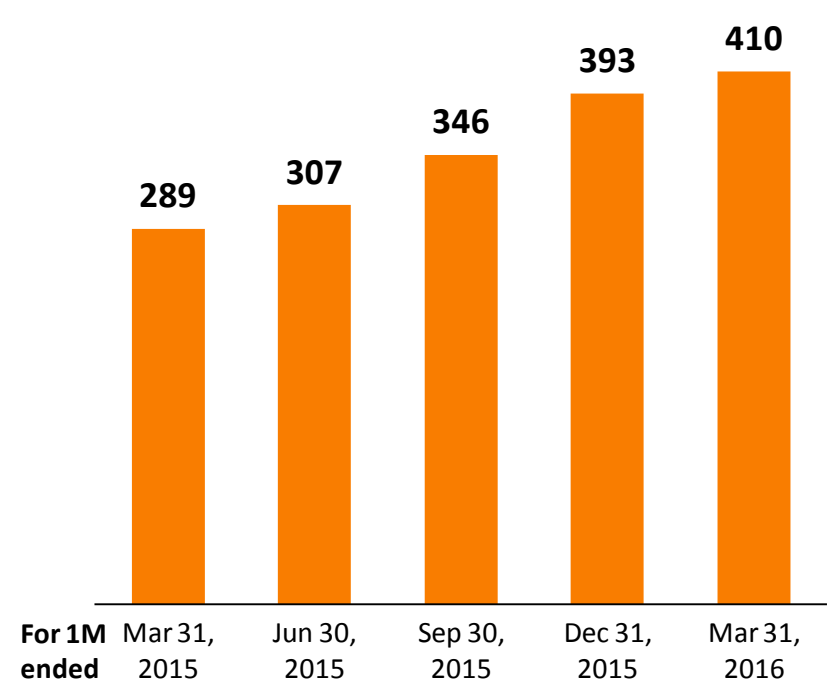
Annual Active Buyers

(In Millions)



Mobile MAUs

(In Millions)



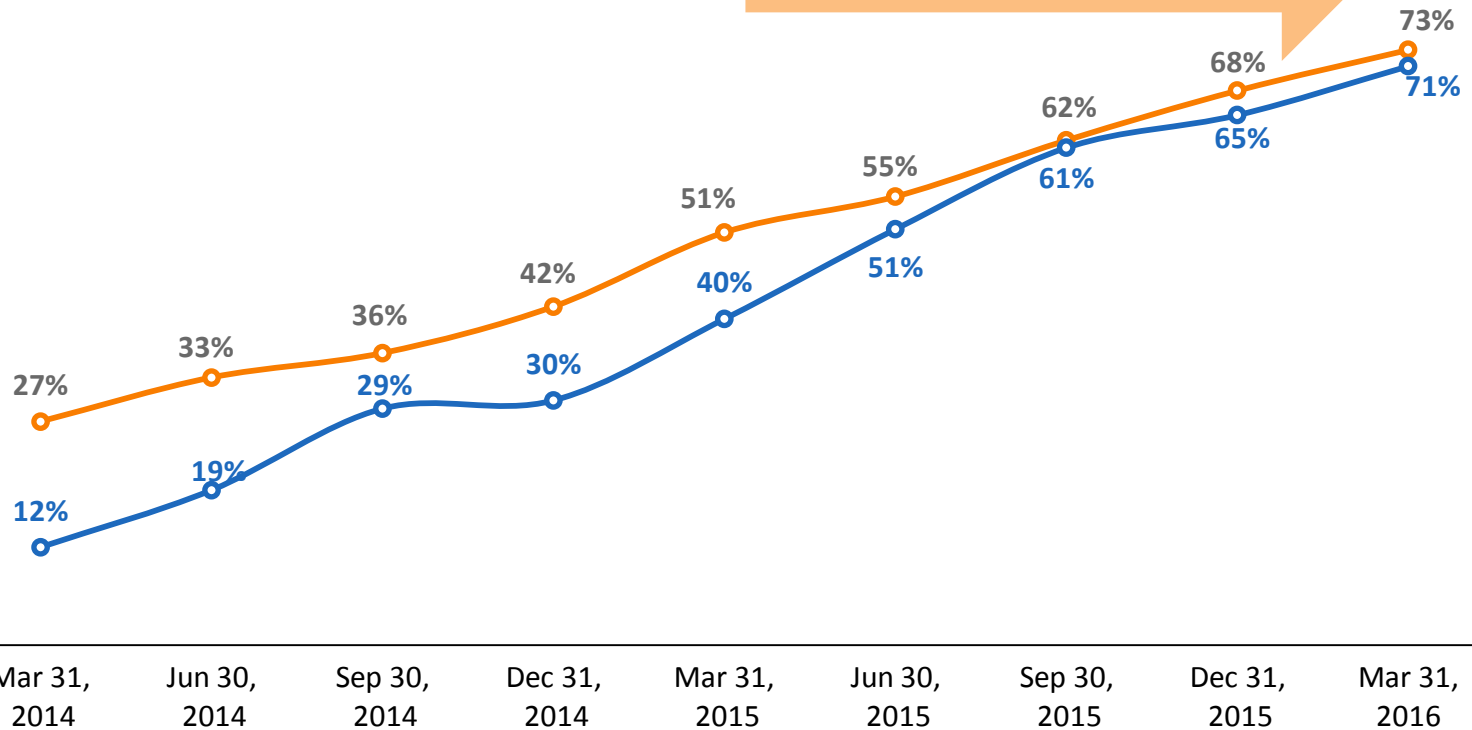
Successful Mobile Transition

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

(% of Revenue)

(Mobile Revenue)
RMB MM

Closing the monetization gap
between GMV and Revenue



—○— Mobile GMV as a % of Total GMV

—○— Mobile Revenue as a % of China Commerce Retail Revenue

Fiscal Year 2016 & March Quarter 2016 Financial Review

Fiscal Year 2016 Financial Highlights

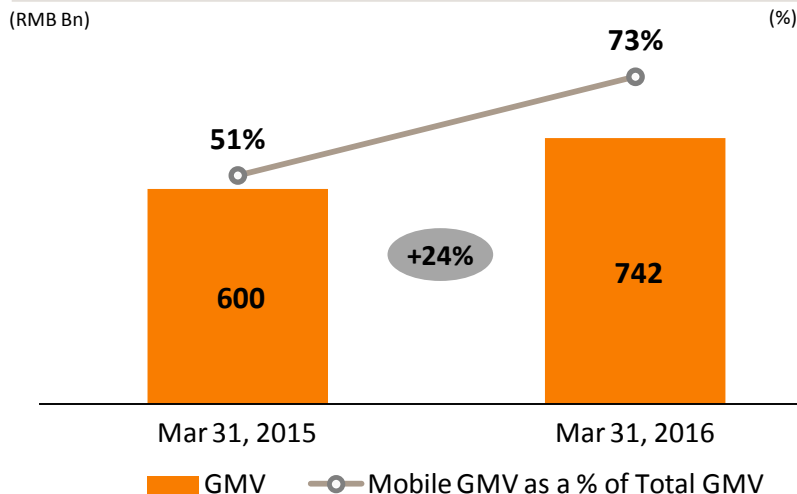
In millions unless otherwise stated	FY2015		FY2016		YoY
	RMB	RMB	US\$		
Total Revenue	76,204	101,143	15,686	33%	
Mobile Revenue	17,840	50,337	7,807	182%	
Mobile Revenue as a % of China Commerce Retail Revenue	30%	63%			
Non-GAAP EBITDA	40,753	52,340	8,117	28%	
Non-GAAP EBITDA Margin	53%	52%			
Non-GAAP Net Income	34,981	42,741	6,629	22%	
Non-GAAP Diluted EPS	13.97	16.75	2.60	20%	
Free Cash Flow	48,121	51,279	7,953	7%	

Note: Unless otherwise indicated, all figures above are for the twelve months ended March 31.

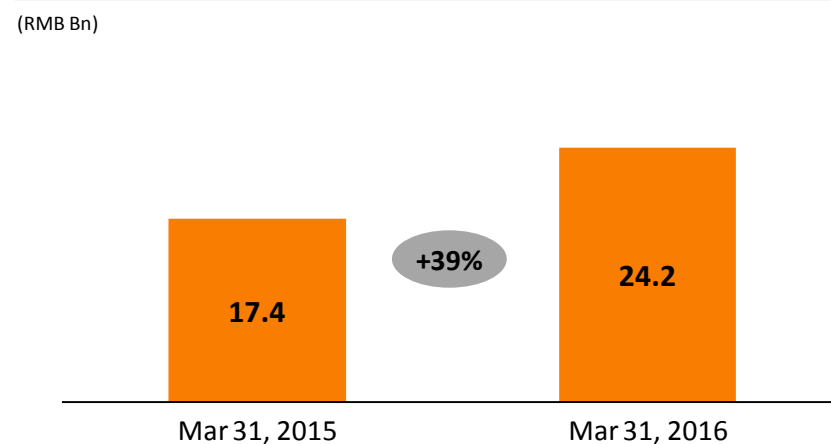
(1) All translations of RMB into US\$ were made at RMB6.4480 to US\$1.00.

March Quarter 2016 Financial Highlights

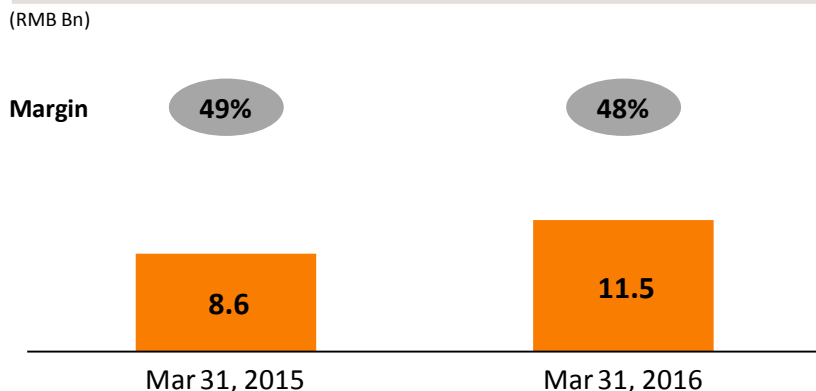
GMV and Mobile Penetration



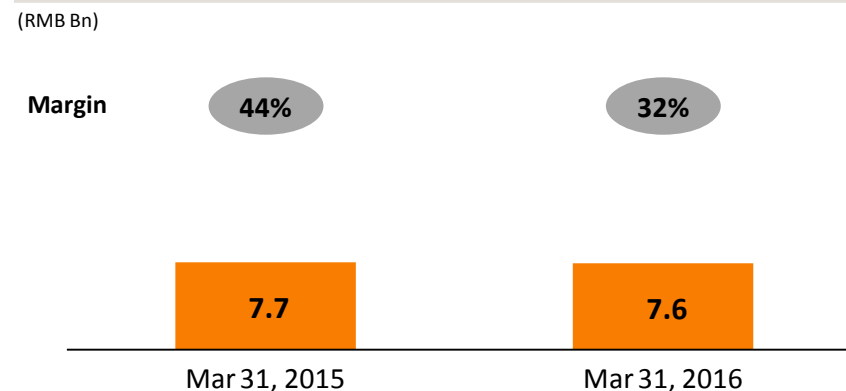
Revenue



Non-GAAP EBITDA ⁽¹⁾ and Margin



Non-GAAP Net Income ⁽²⁾ and Margin



Note: For the three months ended on the respective dates

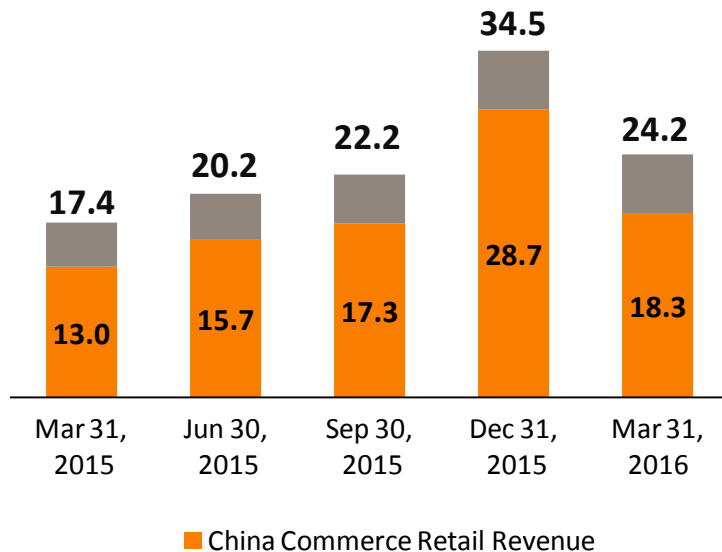
- (1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income (loss), net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization and depreciation that we do not believe are reflective of its core operating performance during the periods presented.
- (2) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill and investments, gain on deemed disposals/disposals/revaluation of investments and amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial, and one-time expense items consisting of the expenses relating to the sale of shares by existing shareholders in our IPO and charge for financing-related fees as a result of early repayment of bank borrowings.

Quarterly Revenue

- The YoY growth in revenue was mainly driven by the continued rapid growth of China commerce retail business, particularly online marketing services revenue as a result of:
 - ✓ Traffic increase, especially mobile
 - ✓ Pricing increase, reflecting increasing value proposition to brands and merchants

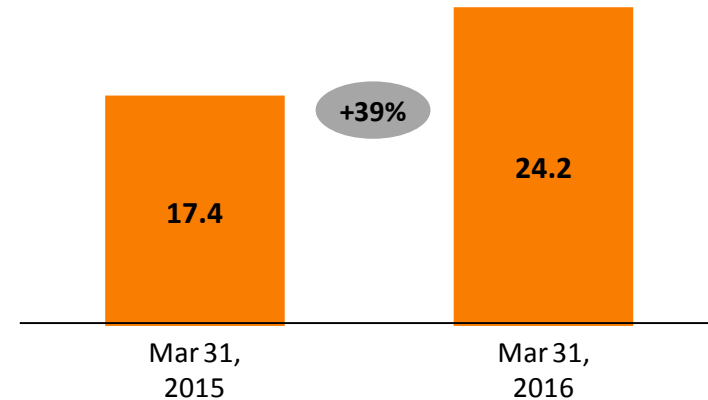
Total Revenue

(RMB Bn)



Revenue Growth

(RMB Bn)

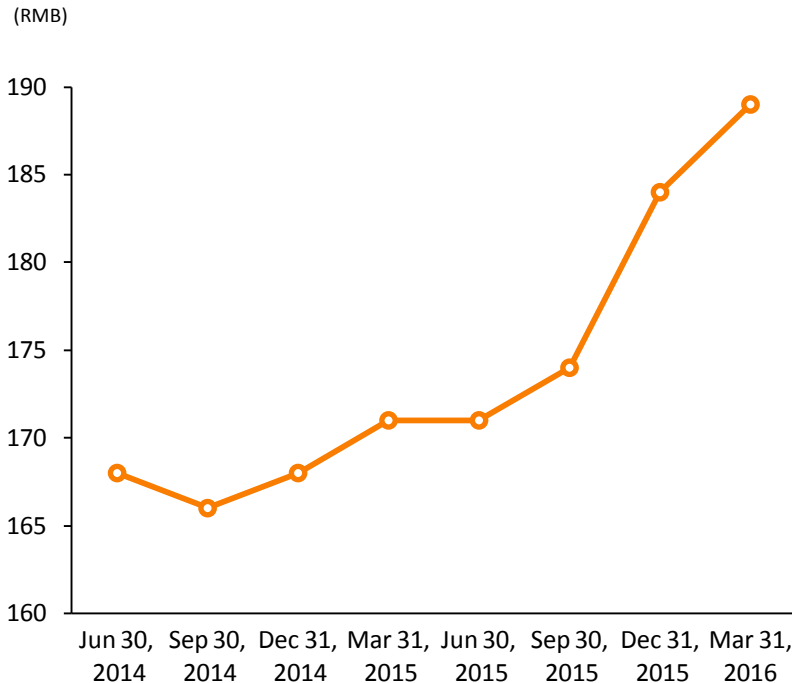


Note: For the three months ended on the respective dates.

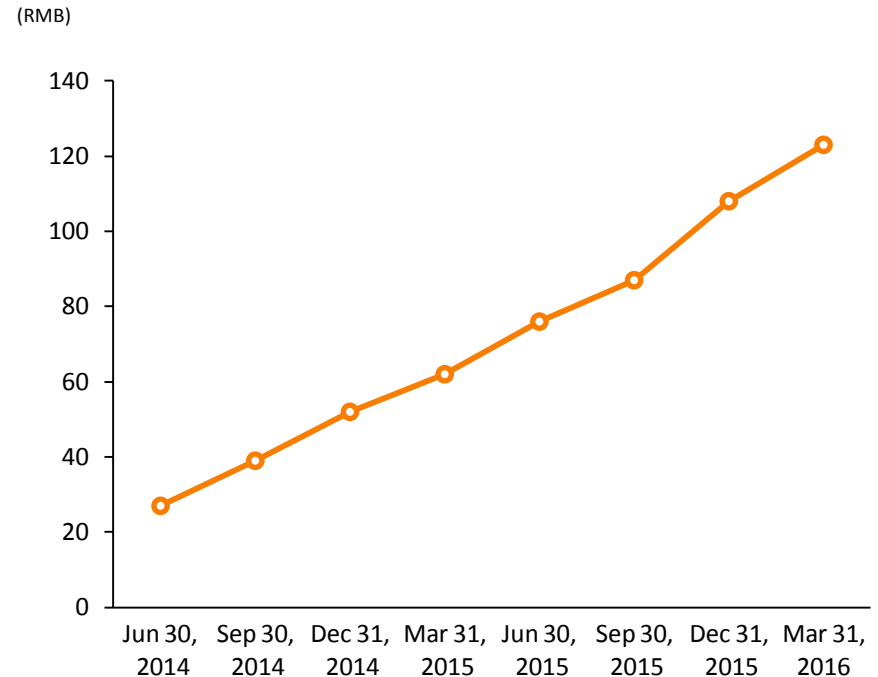
Monetization

- We believe improving monetization in the future will be driven by the increasing value we create for customers.
- A growing percentage of our China commerce retail revenue will come from the monetization of user engagement that helps brands and merchants build long-term relationships with consumers, both online and offline.

Annual China Retail Revenue / Annual Active Buyer ⁽¹⁾



Annual China Retail Mobile Revenue / Mobile MAU ⁽²⁾



Note:

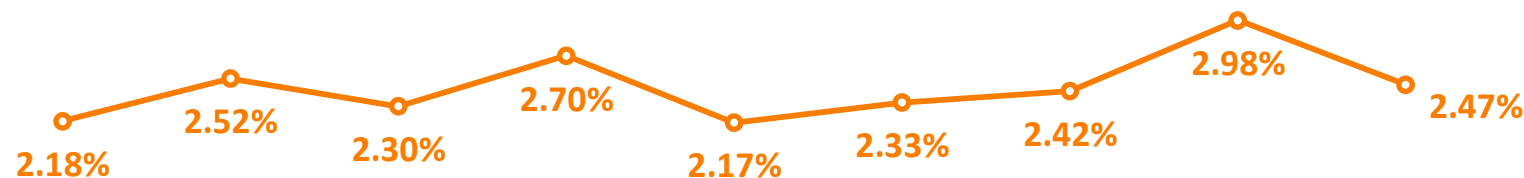
- (1) China commerce retail revenue per active buyer for each of the above periods is derived from the China commerce retail revenue for the last 12-month period, divided by the annual active buyers for the same 12-month period.
- (2) Annual mobile revenue per mobile MAU from China commerce retail is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

Quarterly Monetization Rate Trends

- User growth and increasing user engagement on our China retail platforms have become important drivers of our long-term revenue growth as our marketplaces deliver a broader value proposition to sellers in addition to sales generation.
- Blended monetization rate of our China retail marketplaces reached 2.47% in the quarter ended March 31, 2016, meaningfully higher than 2.17% in the March quarter of 2015.

Quarterly Blended Monetization Rate (China Commerce Retail)

(%)

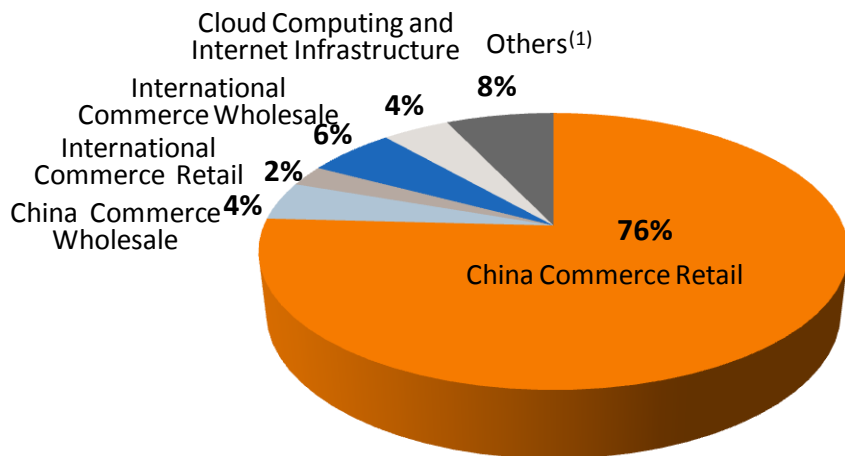


For 3M ended	Mar 31, 2014	Jun 30, 2014	Sep 30, 2014	Dec 31, 2014	Mar 31, 2015	Jun 30, 2015	Sep 30, 2015	Dec 31, 2015	Mar 31, 2016
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Quarterly Revenue Breakdown

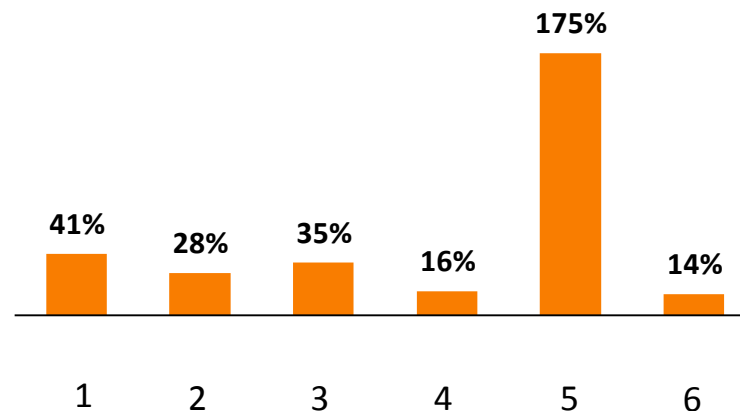
Revenue Breakdown by Businesses

(% of Total Revenue)



Revenue Growth of Major Businesses

(YoY growth %)



1. China Commerce Retail
2. China Commerce Wholesale
3. International Commerce Retail
4. International Commerce Wholesale
5. Cloud Computing and Internet Infrastructure
6. Others⁽²⁾

Note: For the three months ended March 31, 2016

(1) Other revenue mainly represents the mobile Internet services revenue generated from UCWeb and AutoNavi

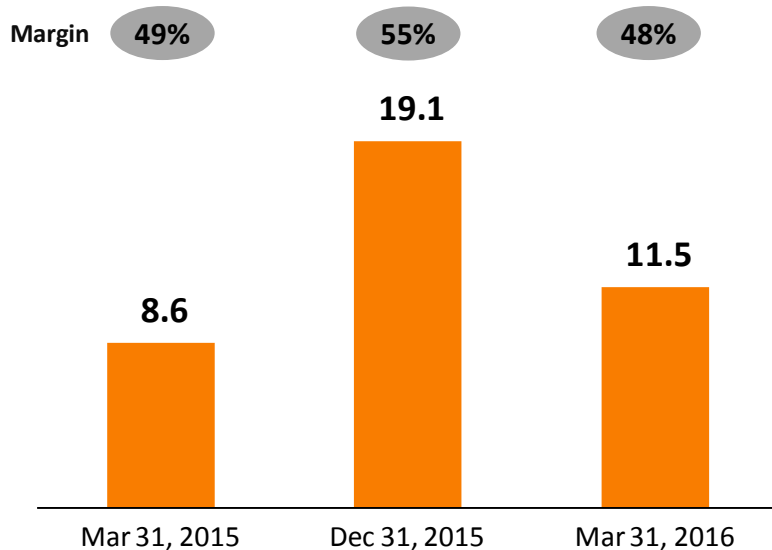
(2) Excluding revenue from the SME loan business from both periods, other revenue would have increased 51% to RMB1,523 million in the quarter ended March 31, 2016 from RMB1,006 million in the same quarter of 2015.

Quarterly Margin Trends

- We don't manage to a margin target.
- Non-GAAP EBITDA margin remained stable year-on-year.

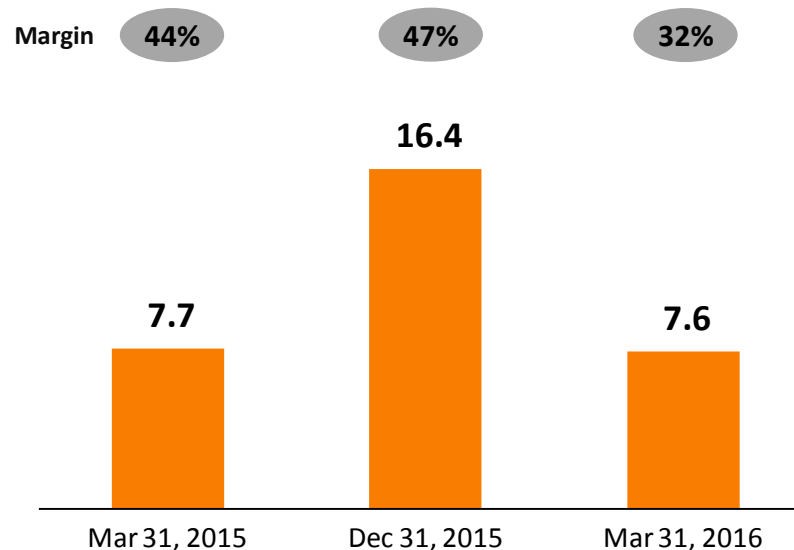
Non-GAAP EBITDA⁽¹⁾ and Margin

(RMB Bn)



Non-GAAP Net Income⁽²⁾ and Margin

(RMB Bn)

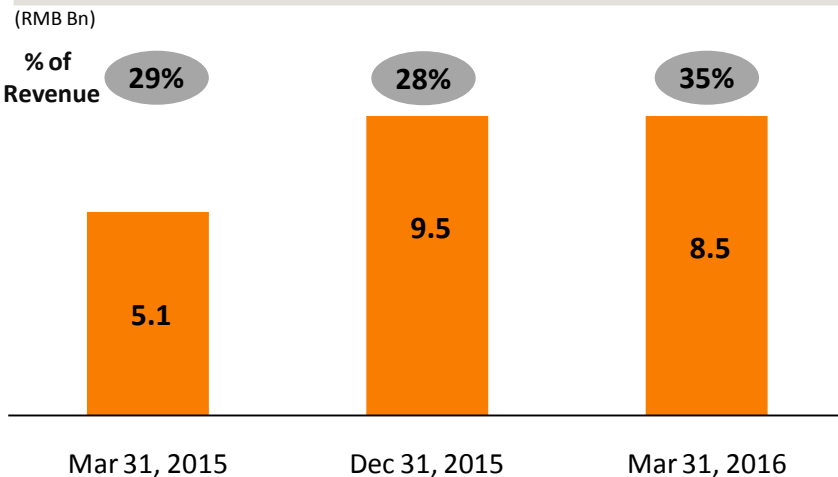


Note: For the three months ended on the respective dates.

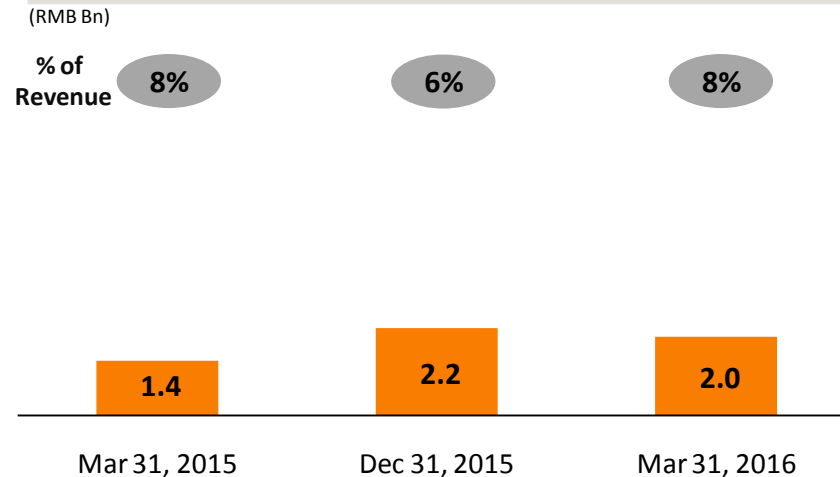
- (1) Non-GAAP EBITDA represents income from operations (which excludes interest and investment income, net, interest expense, other income (loss), net, income tax expenses and share of results of equity investees) before certain non-cash expenses, consisting of share-based compensation expense, amortization and depreciation, and impairment of goodwill that Alibaba Group does not believe are reflective of its core operating performance during the periods presented.
- (2) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill and investments, gain on deemed disposals/disposals/revaluation of investments and amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial, and one-time expense items consisting of the expenses relating to the sale of shares by existing shareholders in our IPO and charge for financing-related fees as a result of early repayment of bank borrowings.

Quarterly Cost Trends

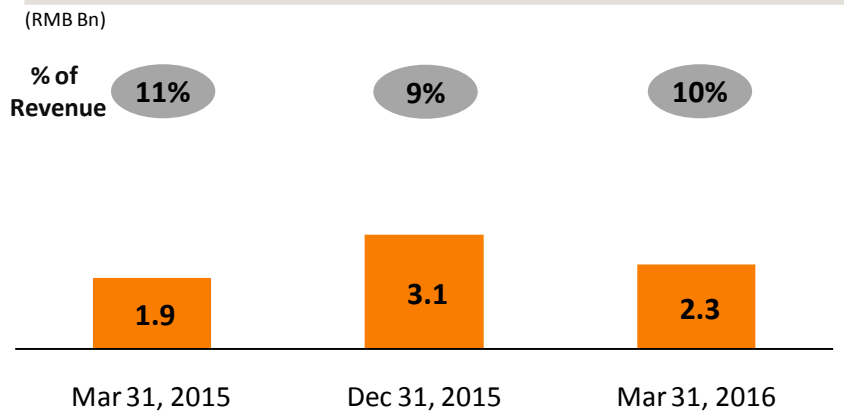
Cost of Revenue (Pre-SBC)



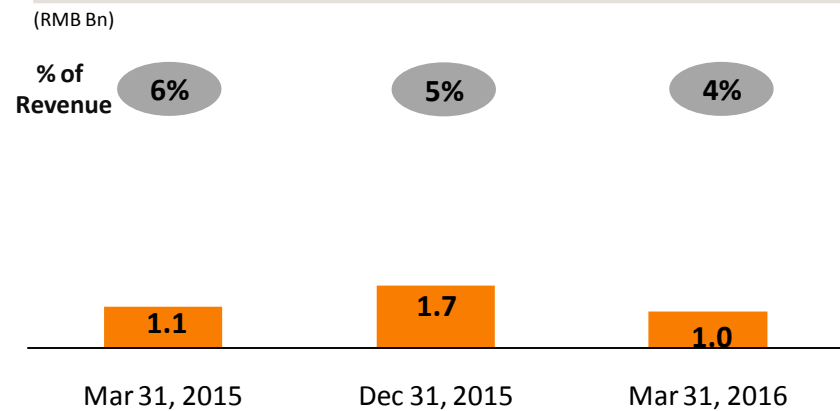
Product Development Expenses (Pre-SBC)



Sales & Marketing Expenses (Pre-SBC)



General & Administrative Expenses (Pre-SBC)



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

Share of Results of Equity Investees

- Our share of Koubei's loss reflects Koubei's high investments and promotional spending during its start-up stage in the December quarter which we pick up on a quarter-lag basis. We expect such share of loss to decrease in the future.
- Cainiao's business continues to progress well. Its recent fundraising validates its stand-alone business model and future potential. We expect Cainiao to continue to invest in its business.

In millions unless otherwise stated	Mar Q 2015	Mar Q 2016	
	RMB	RMB	US\$
Share of results of equity investees:			
- Koubei	-	(762)	(118)
- Youku Tudou	(59)	(152)	(24)
- Cainiao Network	(41)	(94)	(15)
Others	(58)	(102)	(16)
Dilution gains	-	745	116
Others	<u>(236)</u>	<u>(347)</u>	<u>(54)</u>
TOTAL	(394)	(712)	(111)

(1) All translations of RMB into US\$ were made at RMB6.4480 to US\$1.00.

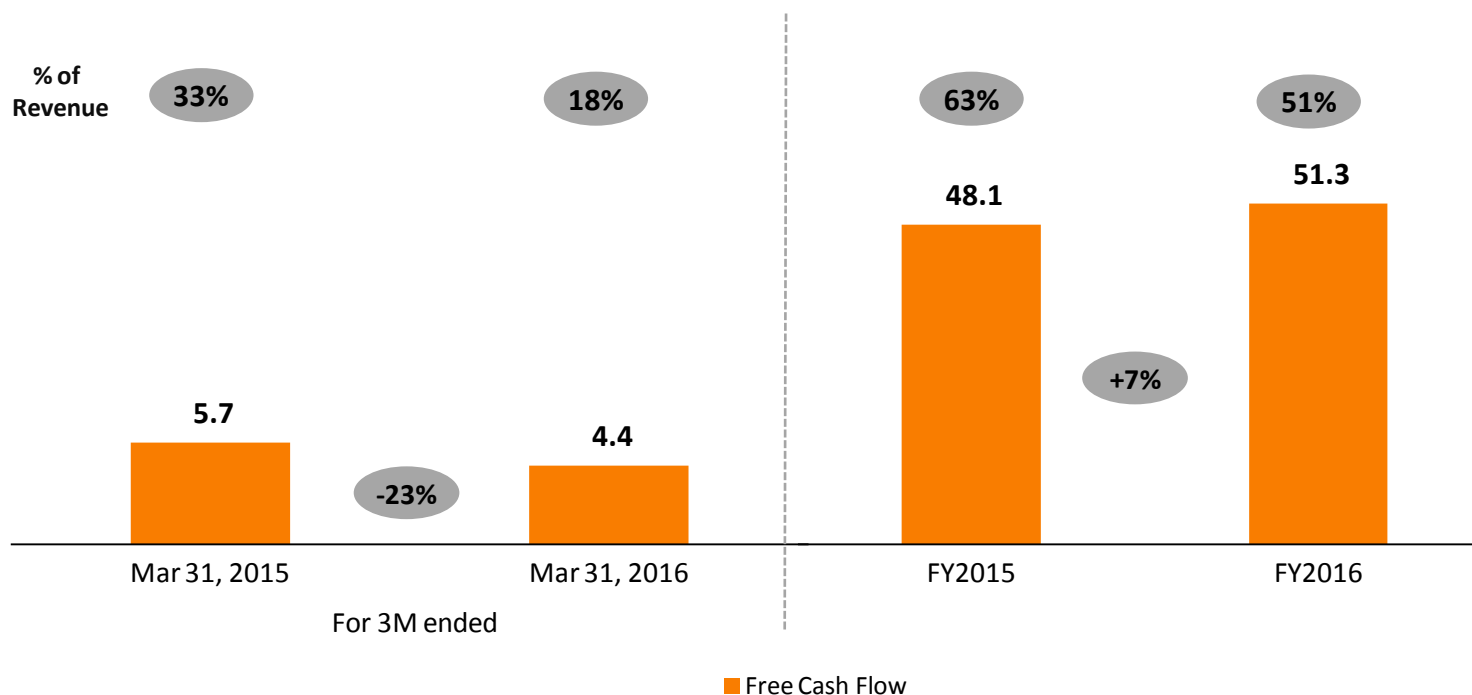
Free Cash Flow

- Free Cash Flow declined quarterly due to an increase in income tax paid during the March quarter.

Free Cash Flow ⁽¹⁾

(RMB Bn)

(%)



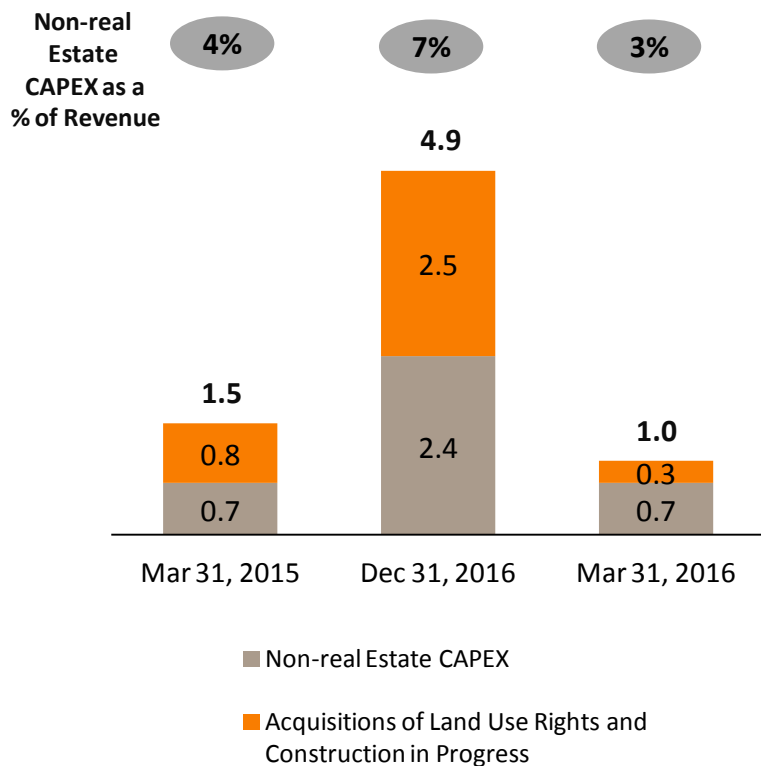
Note:

(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, net and others.

Capital Expenditures and Cash

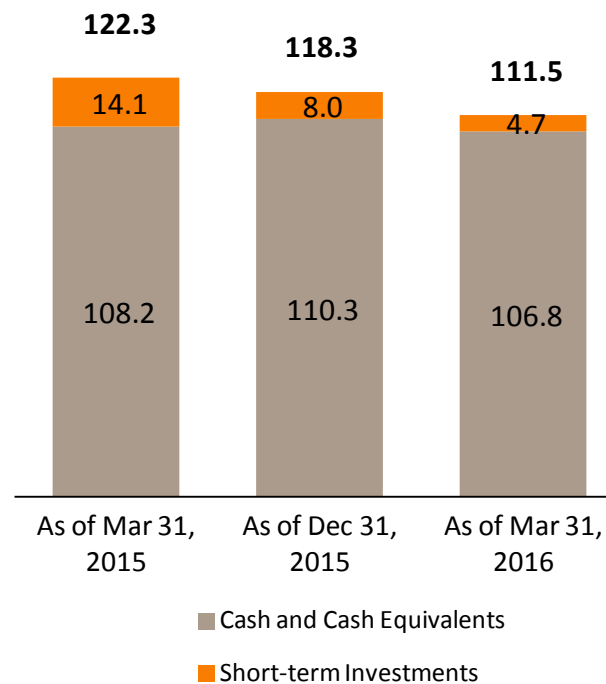
Capital Expenditures

(RMB Bn) (%)



Cash, Cash Equivalents and Short-term Investments

(RMB Bn)









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

GAAP to Non-GAAP Reconciliation

RMB MM	For the Three Months Ended		
	Mar 31, 2015	Dec 31, 2015	Mar 31, 2016
Non-GAAP EBITDA			
Income from operations	2,599	12,434	5,112
Add: Share based compensation expense	4,632	4,370	4,553
Add: Amortization of intangible assets	643	813	743
Add: Depreciation and amortization of property and equipment and land use rights	709	1,039	1,090
Add: Impairment of goodwill and intangible assets	-	455	-
Non-GAAP EBITDA	8,583	19,111	11,498
Non-GAAP net income			
Net income	2,869	12,456	5,314
Add: Share based compensation expense	4,632	4,370	4,553
Add: Amortization of intangible assets	643	813	743
Add: Impairment of goodwill and investments	-	1,611	3
Add: Gain on deemed disposals /disposals/revaluation of investments and others	(468)	(2,959)	(3,043)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	65	67	65
Non-GAAP net income	7,741	16,358	7,635
Free cash flow			
Net cash provided by operating activities	5,767	26,230	5,082
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(700)	(2,365)	(683)
Add: Changes in loan receivables, net and others	598	(146)	(11)
Free cash flow	5,665	23,719	4,388

Strategic Investment Portfolio

		Market Cap (USD bn)	Shareholding	BABA Holding Value (USD Bn)	
Alibaba Pictures ^{(1) (2)}		5.8	49.5%	2.9	
Alibaba Health ^{(1) (2)}		5.0	38%	1.9	
Ant Financial ⁽³⁾		60.0	33%	19.8	Notional Interest
Cainiao Network ⁽⁴⁾		6.2	47%	2.9	
Koubei ⁽⁵⁾		-	-	0.5	
Weibo ⁽¹⁾⁽⁶⁾		3.8	30%	1.1	
Net Cash Balance as of Mar 31, 2016 ⁽⁷⁾				8.3	
Total Value				37.4	

Note:

- (1) Alibaba Pictures, Alibaba Health and Weibo market cap as of Mar 31, 2016 closing price.
- (2) On primary shareholding basis.
- (3) Ant Financial valuation based on reported valuation of USD 60 billion in media; Alibaba Group receives 37.5% of Ant's pre-tax income now, and if regulations allow, Alibaba Group is entitled to acquire up to a 33% equity interests in Ant Financial. For conservative purpose, 33% is used in calculating Alibaba Group's economics in Ant Financial here.
- (4) Cainiao valuation based on valuation implied by recent equity financing. All translations of RMB into US\$ were made at RMB6.4480 to US\$1.00.
- (5) BABA holding value based on the amount of capital invested.
- (6) On fully diluted shareholding basis.
- (7) Net Cash = Cash, cash equivalents, and short term investments – Bank borrowings – Unsecured senior notes.

