

June Quarter 2017 Results

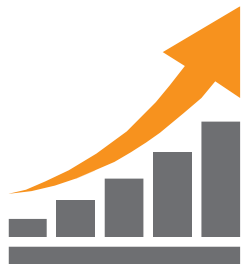


Disclaimer

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,” “guidance” and similar statements. Among other things, statements that are not historical facts, including statements about Alibaba’s strategies and business plans, Alibaba’s beliefs and expectations regarding the growth of its businesses and its revenue, 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 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; risks associated with increased investments in Alibaba’s business and new business initiatives; risks associated with strategic acquisitions and investments; Alibaba’s ability to retain or increase engagement of consumers, merchants and other participants in its ecosystem and enable new offerings; Alibaba’s ability to maintain or grow its revenue or business; risks associated with limitation or restriction of services provided by Alipay; changes in laws, regulations and regulatory environment that affect Alibaba’s business operations; privacy and regulatory concerns; competition; security breaches; the continued growth of the e-commerce market in China and globally; risks associated with the performance of our business partners, including but not limited to Ant Financial, 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 adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), non-GAAP net income, non-GAAP diluted EPS 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.

Revenue



56% YoY
Total Revenue Growth

58% YoY
Core Commerce
Revenue Growth

Cloud



96% Cloud
Computing YoY
Revenue Growth

Reached a Key Milestone
of Exceeding
1 MM Paying Customers ⁽³⁾

Consumers



529 MM
Mobile MAUs ⁽¹⁾

466 MM
Annual Active Consumers ⁽²⁾

Profitability and Cash Flow



63% Core Commerce
Segment Adjusted
EBITA Margin

US\$3.3 Bn ⁽⁴⁾
Non-GAAP Free Cash Flow

Notes: Unless otherwise indicated, all figures above are for the three months ended June 30, 2017.

(1) For the month ended June 30, 2017; in a given month, the number of unique mobile devices that were used to visit or access certain of our mobile applications at least once during that month.

(2) Formerly annual active buyers; for the 12-month period ended June 30, 2017; the number of annual active consumers on our China retail marketplaces.

(3) As of June 30, 2017.

(4) All translations of RMB into US\$ were made at RMB6.7793 to US\$1.00, the exchange rate on June 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.

Quarterly Revenue

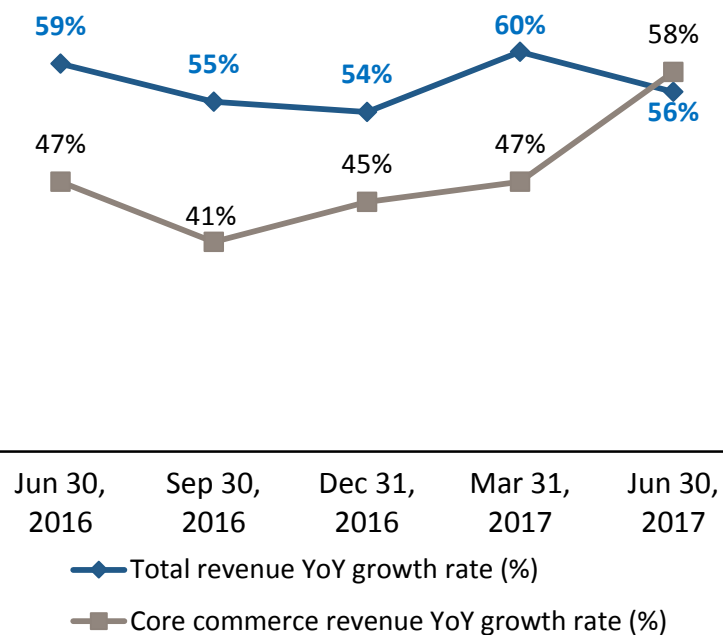
- Total revenue YoY growth of 56% was mainly driven by the robust revenue growth of our core commerce business and Alibaba Cloud.

Total Revenue Breakdown

Three months ended June 30, 2017

	RMB MM	% of Revenue	YoY%
Core commerce:			
China commerce retail	36,712	73%	57%
China commerce wholesale	1,641	3%	30%
International commerce retail	2,638	6%	136%
International commerce wholesale	1,609	3%	12%
Others	427	1%	790%
Total core commerce	43,027	86%	58%
Cloud computing	2,431	5%	96%
Digital media and entertainment	4,081	8%	30%
Innovation initiatives and others	645	1%	21%
Total	50,184	100%	56%

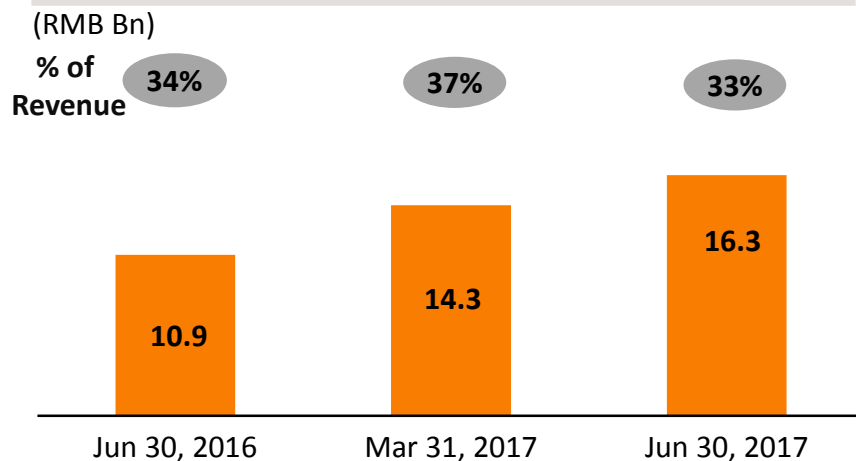
Total Revenue YoY Growth (%)



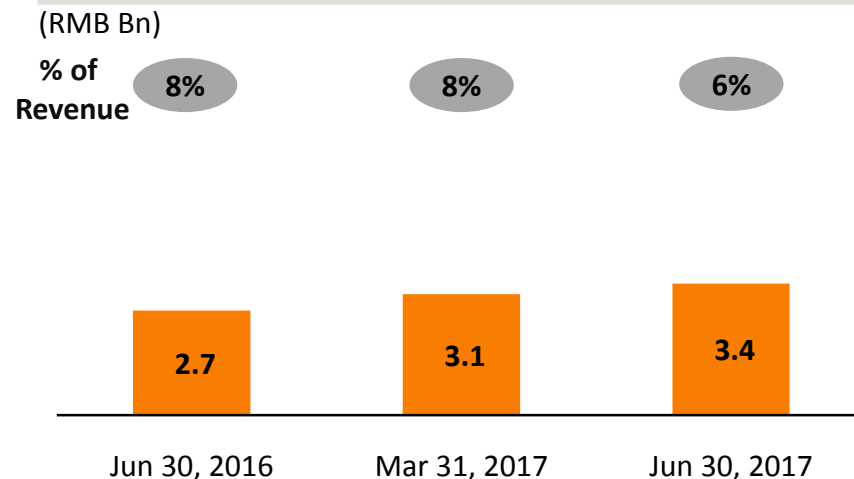
Note: For the three months ended on the respective dates.

Quarterly Cost Trends

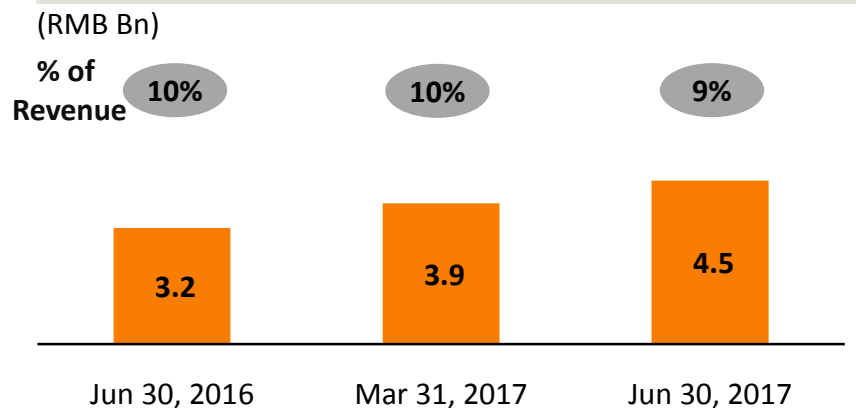
Cost of Revenue (Excluding SBC)



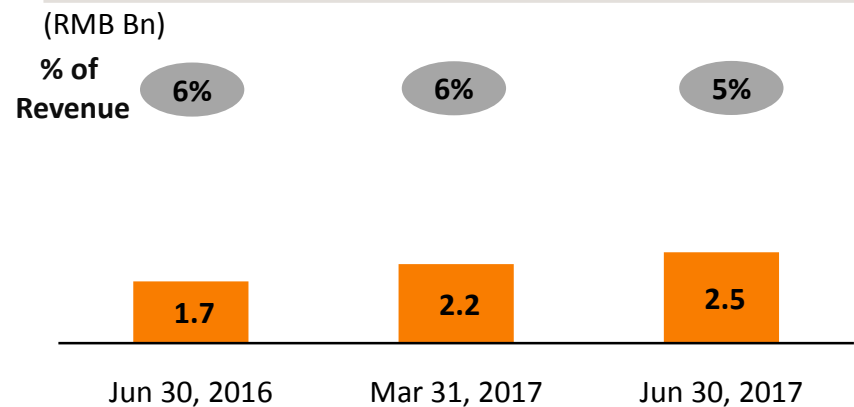
Product Development Expenses (Excluding SBC)



Sales & Marketing Expenses (Excluding SBC)



General & Administrative Expenses (Excluding SBC)

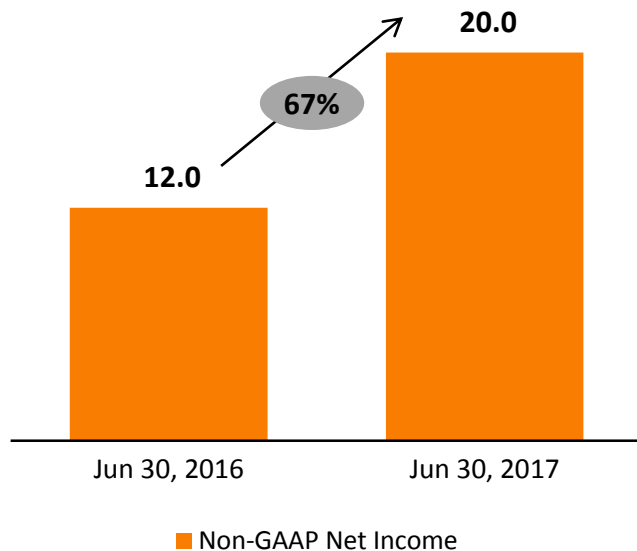


Note: For the three months ended on the respective dates.

Non-GAAP Net Income and Non-GAAP Diluted EPS

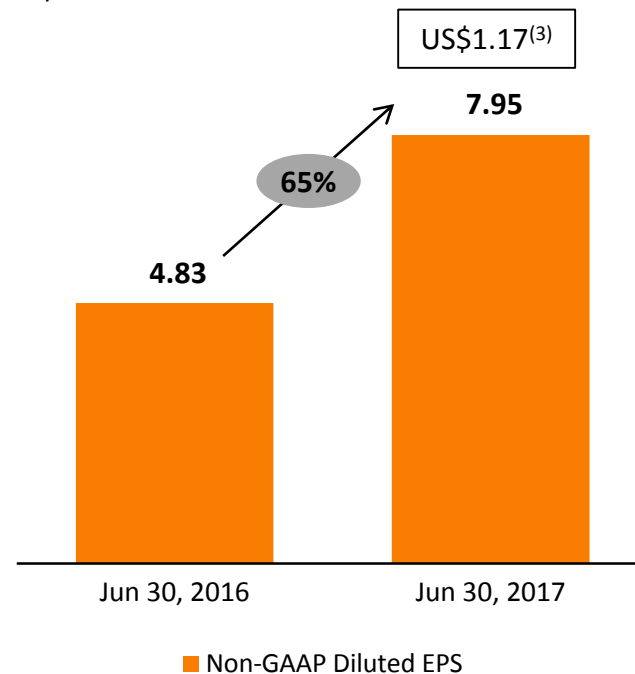
Non-GAAP Net Income⁽¹⁾

(RMB Bn)



Non-GAAP Diluted EPS⁽²⁾

(RMB)



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

(1) 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, immediate recognition of unamortized professional fees and upfront fees upon termination of bank borrowings and others, as adjusted for the tax effects on non-GAAP adjustments.

(2) Non-GAAP diluted EPS represents non-GAAP net income attributable to ordinary shareholders divided by the weighted average number of shares outstanding during the periods on a diluted basis, including accounting for the effects of the assumed conversion of convertible preference shares.

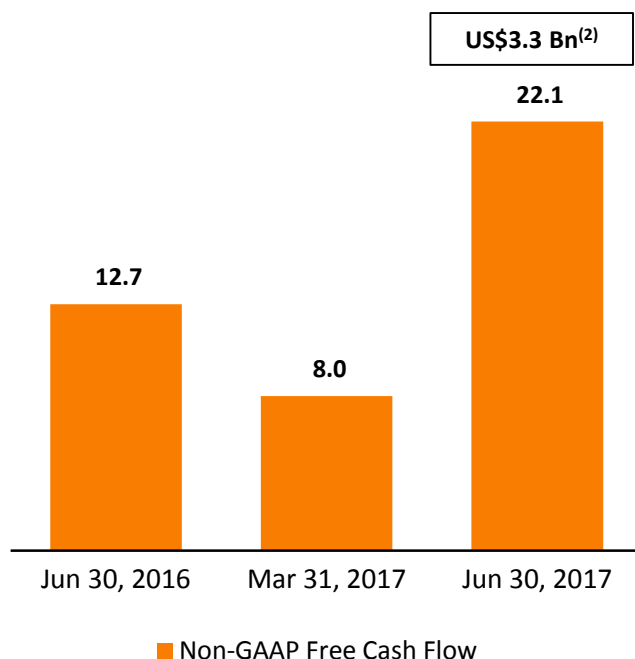
(3) All translations of RMB into US\$ were made at RMB6.7793 to US\$1.00, the exchange rate on June 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.

Free Cash Flow and Cash

- The increase in cash, cash equivalents and short-term investments during the quarter was primarily due to free cash flow generated from operations of RMB22,149 million (US\$3.3 billion), offset by cash used in investing activities, including the privatization of Intime, investments in Ele.me and Lianhua Supermarket, and cash used to acquire additional shares of Lazada.

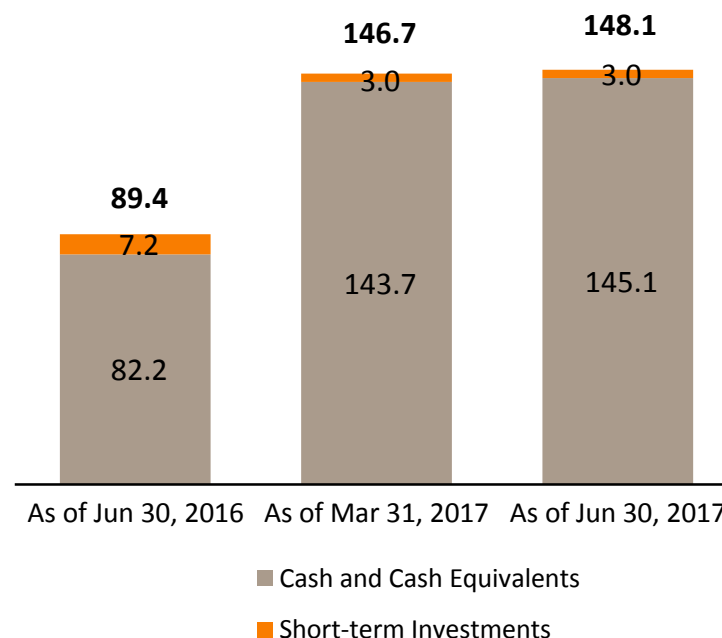
Non-GAAP Free Cash Flow ⁽¹⁾

(RMB Bn)



Cash, Cash Equivalents and Short-term Investments

(RMB Bn)



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

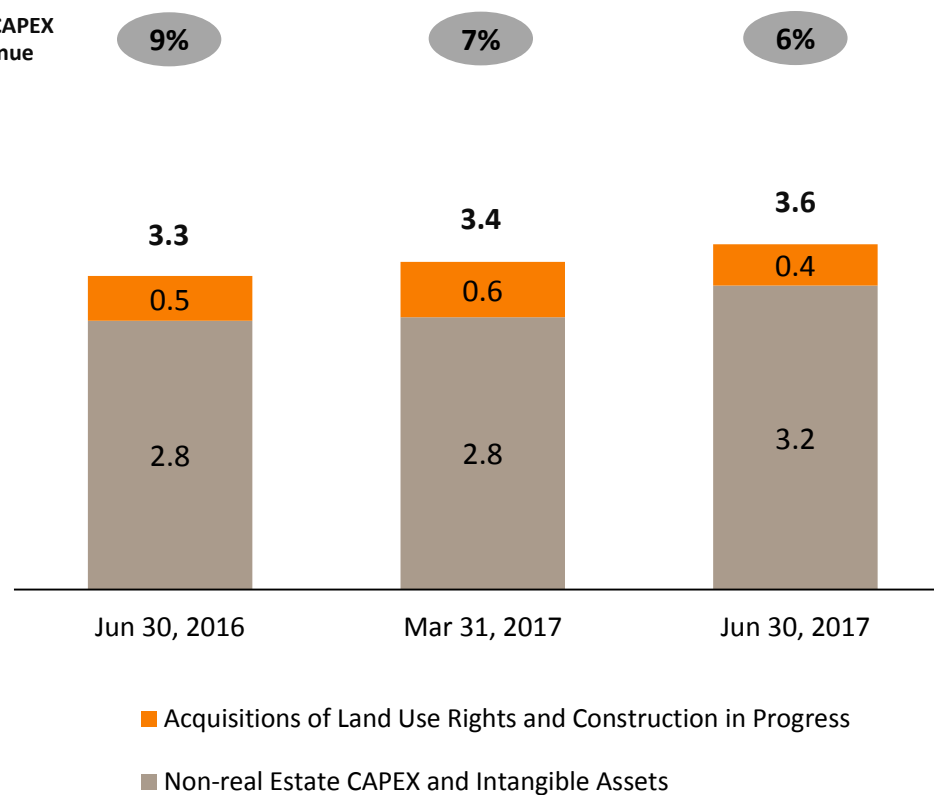
(1) Non-GAAP free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and others.

(2) All translations of RMB into US\$ were made at RMB6.7793 to US\$1.00, the exchange rate on June 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.

Capital Expenditures and Intangible Assets

(RMB Bn)

Non-real Estate CAPEX
as a % of Revenue



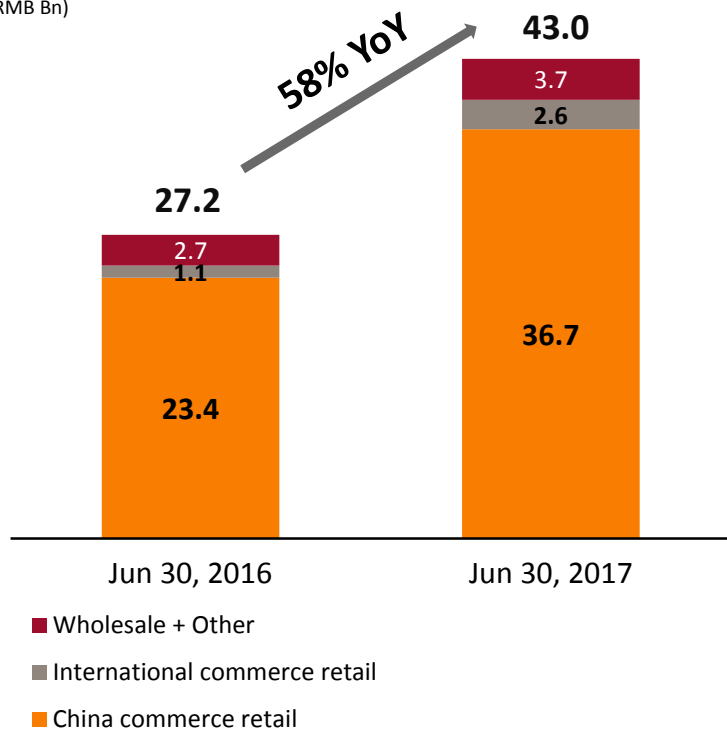
Note: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates.

Core Commerce Segment

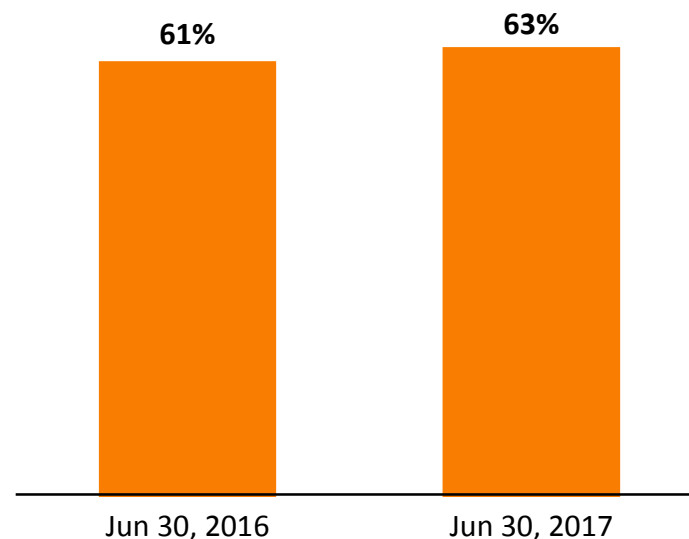
- China commerce retail revenue grew 57% YoY primarily due to robust growth of customer management revenue.⁽¹⁾
- Commission revenue grew 28% YoY, while Tmall recorded 49% year-over-year growth for physical goods GMV for the same period.
- The relatively lower growth rate of reported commission revenue was primarily due to the netting-off of expenditures against commissions paid by merchants as a result of new promotion initiatives for customer acquisition and retention.

Segment Revenue

(RMB Bn)



Segment Adjusted EBITA Margin



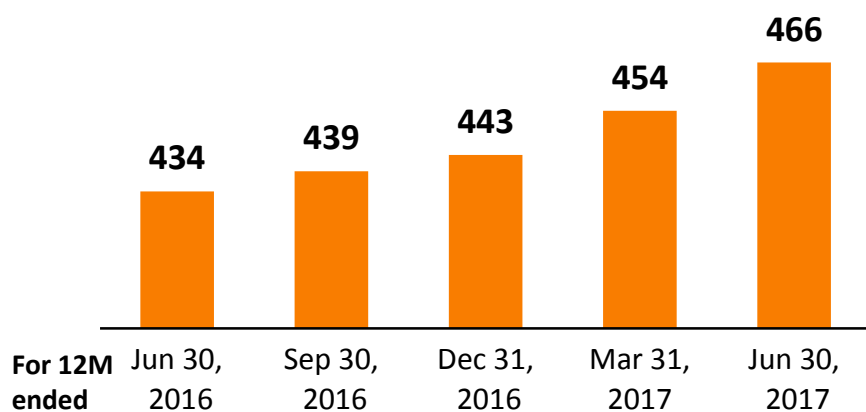
Note: For the three months ended on the respective dates.

(1) Formerly online marketing service revenue.

Core Commerce – China Commerce Retail - Active Consumers & Mobile MAUs

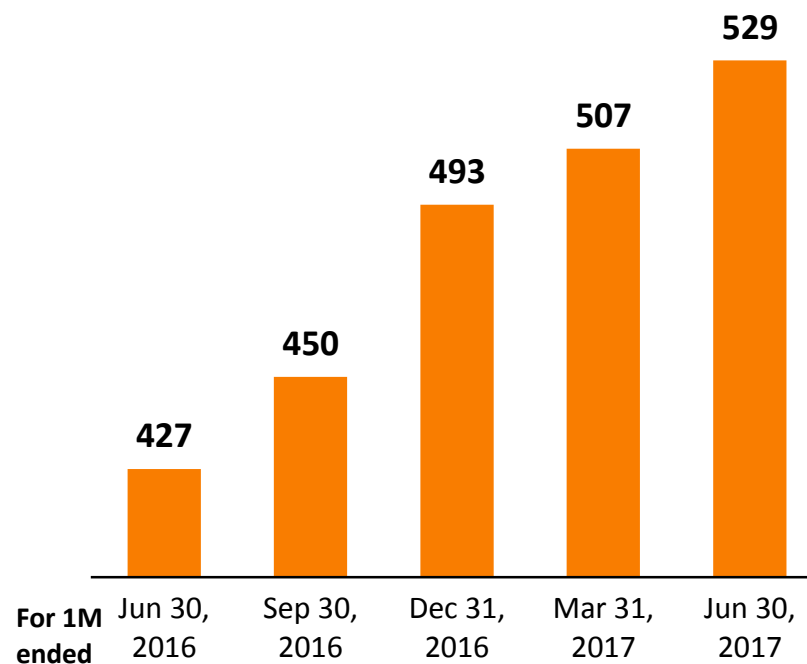
Annual Active Consumers⁽¹⁾

(in millions)



Mobile MAUs⁽²⁾

(in millions)



Notes:

(1) The number of annual active consumers on our China retail marketplaces.

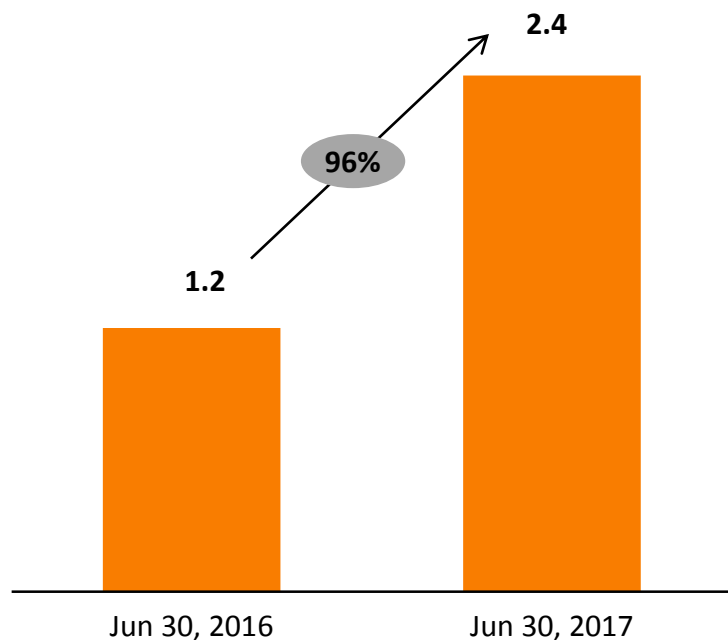
(2) In a given month, the number of unique mobile devices that were used to visit or access certain of our mobile applications at least once during that month.

Cloud Computing Segment

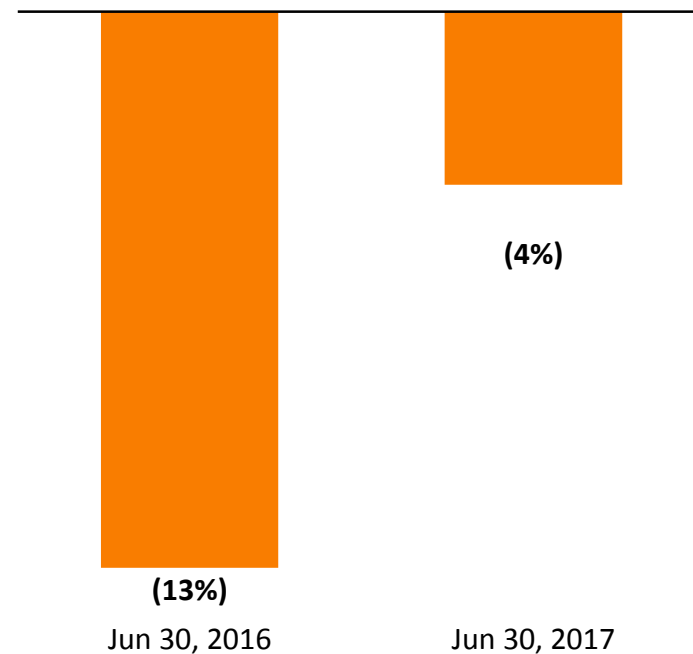
- Alibaba Cloud reached a key milestone of exceeding one million paying customers, an increase of 137,000 from the previous quarter.
- Segment adjusted EBITA margin significantly improved YoY. Our cloud computing business' top priority remains expanding market leadership.

Segment Revenue

(RMB Bn)



Segment Adjusted EBITA Margin

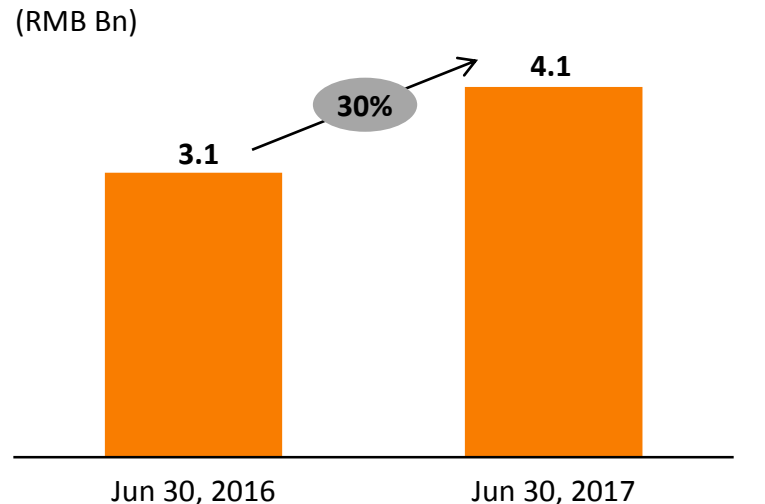


Note: For the three months ended on the respective dates.

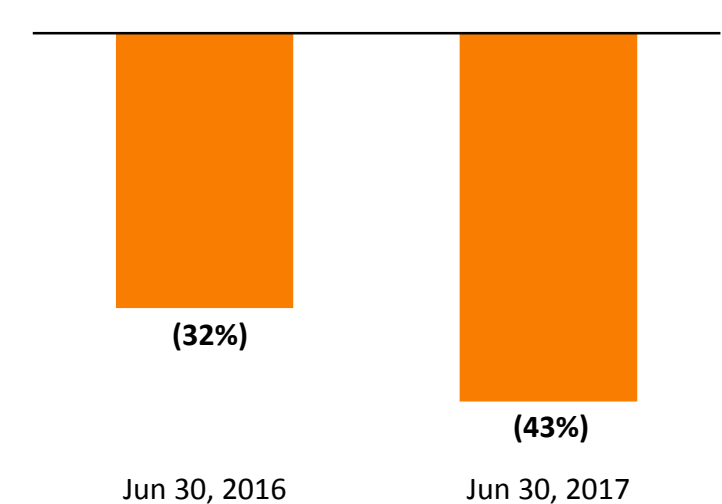
Digital Media & Entertainment Segment

- Segment revenue grew 30% YoY primarily due to an increase in revenue from mobile value-added services provided by UCWeb, such as news feeds and mobile search.
- Adjusted EBITA margin of this segment was negative 43%. We will continue to invest in content, user acquisition and infrastructure for the segment.
- We see tremendous synergies between our digital media and entertainment and core commerce businesses that complement each other in terms of consumers, content and commercialization.

Segment Revenue



Segment Adjusted EBITA Margin



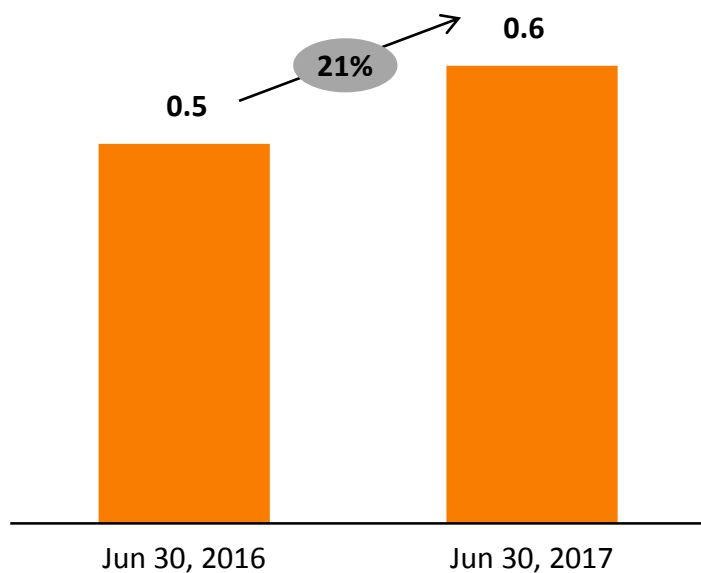
Note: For the three months ended on the respective dates.

Innovation Initiatives & Others Segment

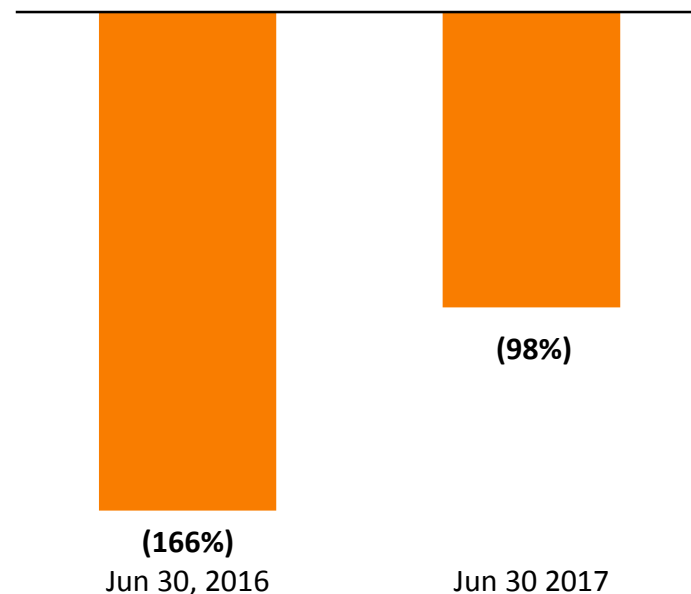
- The innovation initiatives and others segment includes businesses such as AutoNavi, YunOS, and DingTalk.
- These businesses represent our strategic investments into future growth and are in the initial investment phase.

Segment Revenue

(RMB Bn)



Segment Adjusted EBITA Margin



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

Share of Results of Equity Investees

The share of results of equity investees in the quarter ended June 30, 2017 was a loss of RMB1,388 million (US\$205 million), compared to a loss of RMB1,444 million in the quarter ended March 31, 2017, primarily due to a decrease in our share of losses of Koubei and Cainiao Network, partially offset by an increase in our share of losses from other equity investees.









In RMB MM unless otherwise stated	Jun Q 2016	Mar Q 2017	Jun Q 2017
Share of loss of equity investees:			
- Koubei	(245)	(505)	(391)
- Cainiao Network	(227)	(375)	(245)
- Other equity investees	(264)	(41)	(311)
Impairment loss	(4)	–	–
Dilution losses	(239)	(61)	(29)
Others*	(489)	(462)	(412)
TOTAL	(1,468)	(1,444)	(1,388)

Note:

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

All translations of RMB into US\$ were made at RMB6.7793 to US\$1.00, the exchange rate on June 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.

June Quarter Segment Reporting

	Core Commerce <i>China Commerce Retail</i>   <i>China Commerce Wholesale</i>  <i>International Commerce Retail</i>  <i>International Commerce Wholesale</i> 	Cloud Computing 	Digital Media Entertainment 	Innovation Initiatives & Others 	Un-allocated⁽²⁾	Consolidated
Jun 17 Revenue (MM)	RMB 43,027 USD 6,347 58% YoY	RMB 2,431 USD 359 96% YoY	RMB 4,081 USD 602 30% YoY	RMB 645 USD 95 21% YoY	-	RMB 50,184 USD 7,403 56% YoY
Jun 17 Adjusted EBITA (MM)	RMB 26,970 USD 3,978	RMB (103) USD (15)	RMB (1,748) USD (258)	RMB (634) USD (93)	RMB (967) USD (143)	RMB 23,518 USD 3,469
Jun 17 Adjusted EBITA Margin (%)	63%	(4%)	(43%)	(98%)		47%
Jun 16 Adjusted EBITA Margin (%)	61%	(13%)	(32%)	(166%)		43%

Notes:

(1) Segmental information is 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 RMB6.7793 to US\$1.00, the exchange rate on June 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.

GAAP to Adjusted/Non-GAAP Measures Reconciliation

For the Three Months Ended

	Jun 30, 2016	Jun 30, 2017	
	(RMB MM)	(RMB MM)	(US\$MM)
Adjusted EBITDA			
Income from operations	8,814	17,513	2,583
Add: Share-based compensation expense	3,694	4,019	593
Add: Depreciation and amortization of property and equipment and land use rights	1,204	1,606	237
Add: Amortization of intangible assets	1,251	1,986	293
Adjusted EBITDA	14,963	25,124	3,706
<i>Adjusted EBITDA margin</i>	<i>47%</i>	<i>50%</i>	
Non-GAAP net income			
Net income	7,142	14,031	2,070
Add: Share-based compensation expense	3,694	4,019	593
Add: Amortization of intangible assets	1,251	1,986	293
Add: Impairment of goodwill and investments	77	952	140
Less: Gain on deemed disposals/disposals/ revaluation of investments and others	(55)	(1,089)	(161)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	66	67	10
Add: Immediate recognition of unamortized professional fees and upfront fees upon termination of bank borrowings	-	92	14
Adjusted for tax effects on non-GAAP adjustments	(184)	(39)	(6)
Non-GAAP net income	11,991	20,019	2,953
Non-GAAP Free cash flow			
Net cash provided by operating activities	14,958	25,311	3,733
Less: Purchase of property and equipment and intangible assets (excluding land use rights and construction in progress)	(2,794)	(3,162)	(466)
Add: Others	581	-	-
Non-GAAP free cash flow	12,745	22,149	3,267

(1) All translations of RMB into US\$ were made at RMB6.7793 to US\$1.00, the exchange rate on June 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.



Alibaba Group

阿里巴巴集团

