

September Quarter 2017 Results

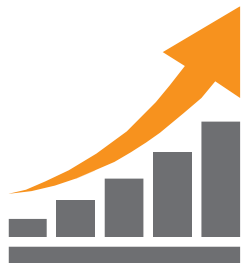


This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “potential,” “continue,” “ongoing,” “targets,” “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 adjusted Non-GAAP measures Reconciliation.

September Quarter 2017 Financial Highlights

Revenue



61% YoY
Total Revenue Growth

63% YoY
Core Commerce
Revenue Growth

Cloud



99% Cloud
Computing YoY
Revenue Growth

Consumers



549 MM
Mobile MAUs ⁽¹⁾

488 MM
Annual Active Consumers ⁽²⁾

Profitability and Cash Flow



57% Core Commerce
Segment Adjusted
EBITA Margin

US\$3.4 Bn⁽³⁾
Non-GAAP Free Cash Flow

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

(1) For the month ended Sep 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 Sep 30, 2017; the number of annual active consumers on our China retail marketplaces.

(3) All translations of RMB into US\$ were made at RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.

Quarterly Revenue

- Total revenue YoY growth of 61% was mainly driven by the robust revenue growth of our core commerce business and Alibaba Cloud.

Total Revenue Breakdown

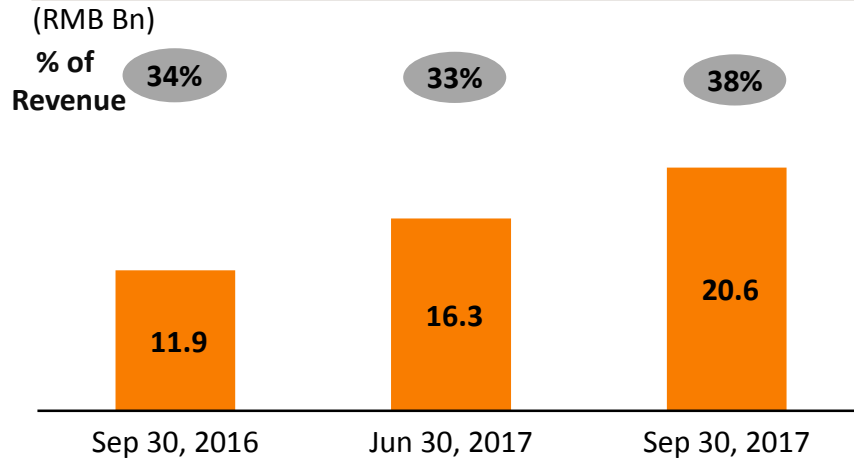
Three months ended September 30, 2017

	<u>RMB MM</u>	<u>% of Revenue</u>	<u>YoY%</u>
Core commerce:			
China commerce retail	39,557	72%	64%
China commerce wholesale	1,714	3%	19%
International commerce retail	2,878	5%	115%
International commerce wholesale	1,651	3%	10%
Others	662	1%	530%
Total core commerce	46,462	84%	63%
Cloud computing	2,975	5%	99%
Digital media and entertainment	4,798	9%	33%
Innovation initiatives and others	887	2%	27%
Total	55,122	100%	61%

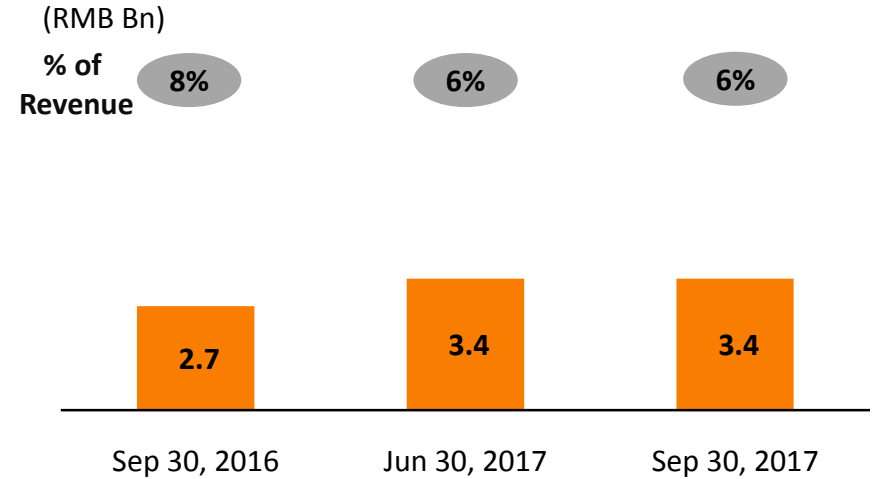
Note: For the three months ended on the respective dates.

Quarterly Cost Trends

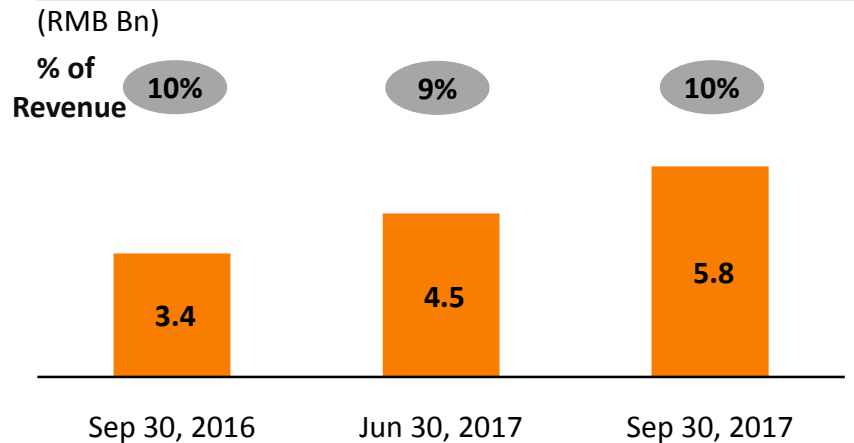
Cost of Revenue (Excluding SBC)



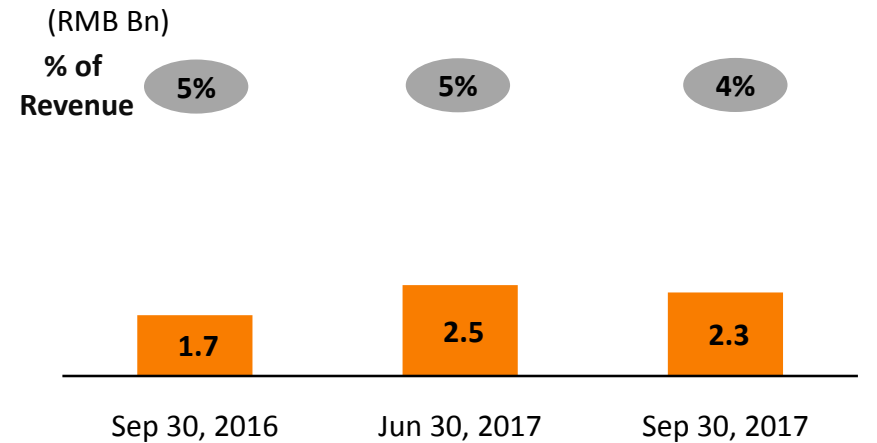
Product Development Expenses (Excluding SBC)



Sales & Marketing Expenses (Excluding SBC)



General & Administrative Expenses (Excluding SBC)

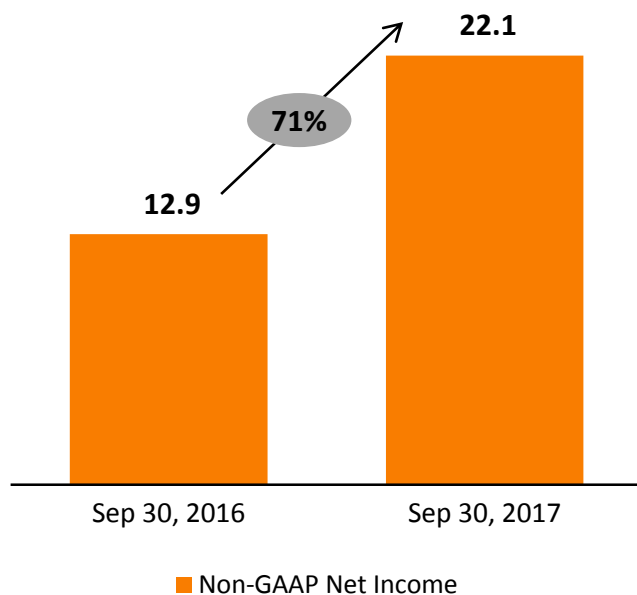


Note: For the three months ended on the respective dates.

Non-GAAP Net Income and Non-GAAP Diluted EPS

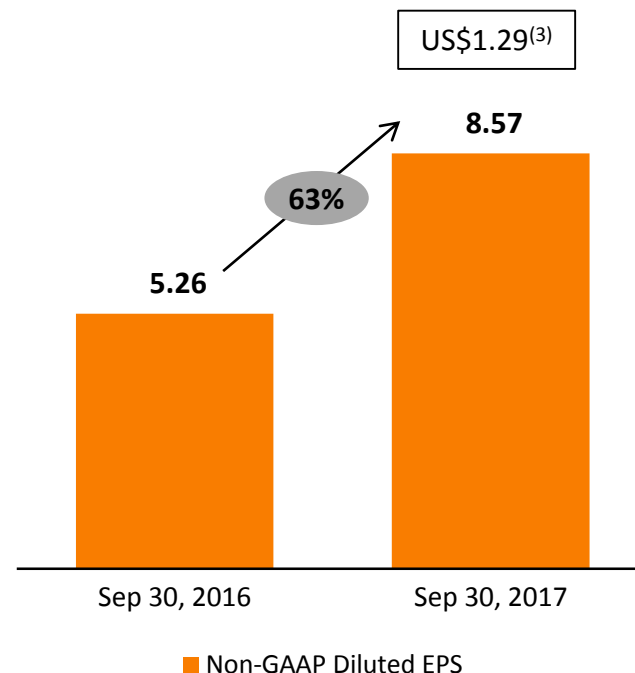
Non-GAAP Net Income⁽¹⁾

(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.

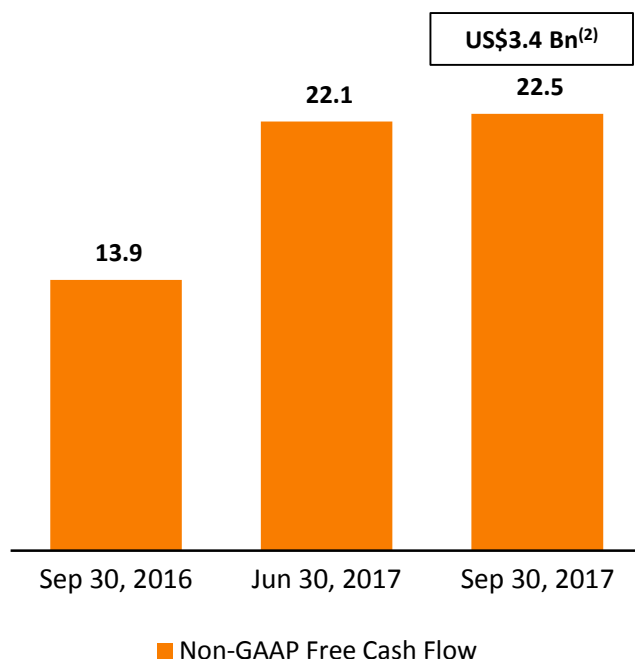
- (1) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill and investments, gain on deemed disposals/disposals/revaluation of investments and amortization of excess value receivable arising from the restructuring of commercial arrangements 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 RMB6.6533 to US\$1.00, the exchange rate on Sep 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 RMB22,505 million (US\$3.4 billion), partly offset by cash used in investing activities, including investments in Ele.me and Tokopedia.

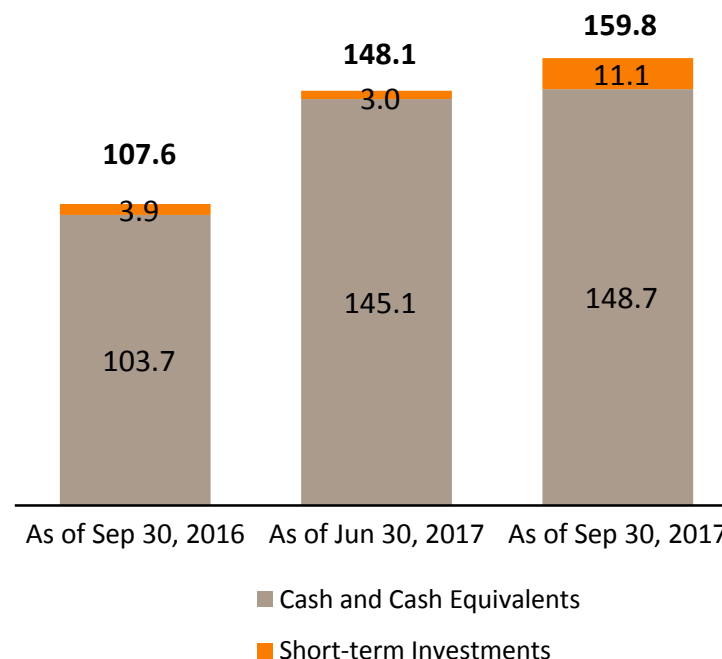
Non-GAAP Free Cash Flow ⁽¹⁾

(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 RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.

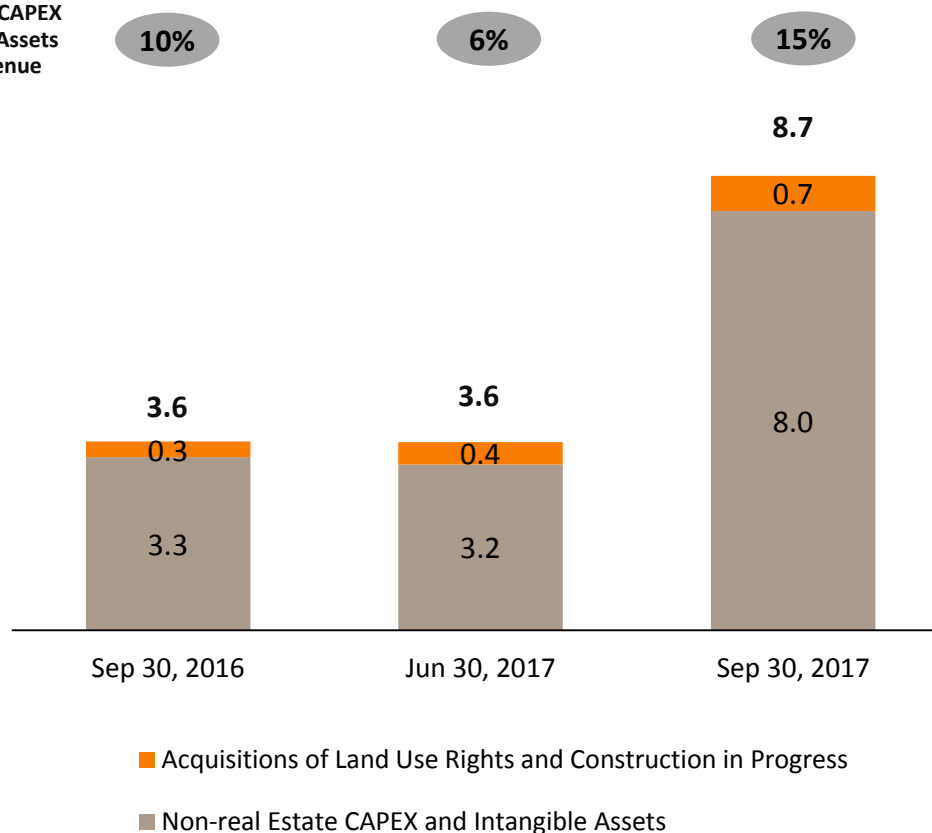
Capital Expenditures

- Increase in capex mainly represents our investment in technology that supports the growth of our cloud business as well as growth in commerce platform.

Capital Expenditures and Intangible Assets

(RMB Bn)

Non-real Estate CAPEX
and Intangible Assets
as a % of Revenue



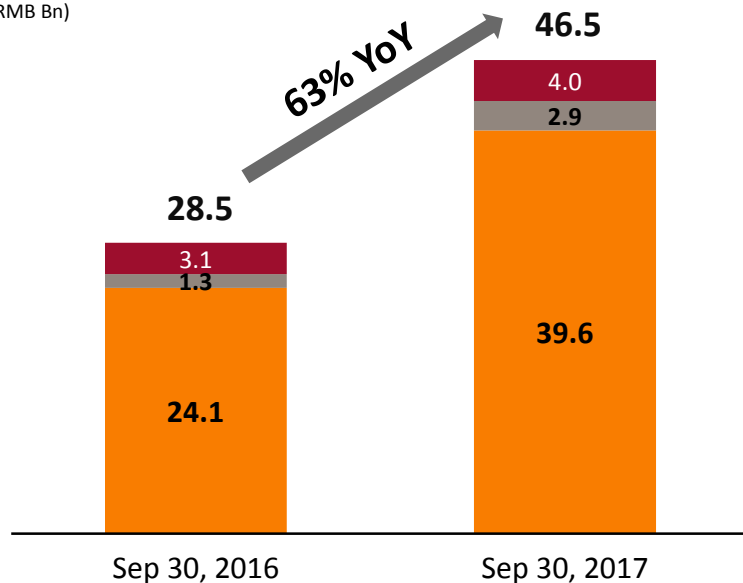
Note: Unless otherwise indicated, all figures in the above charts are for the three months ended on the respective dates.

Core Commerce Segment

- China commerce retail revenue grew 64% YoY due to robust growth of customer management revenue and commission revenue, as well as the consolidation of Intime.
 - ✓ Customer management revenue grew 58% YoY, driven by increases in the volume of clicks and average unit price per click, reflecting user growth and technology enhancement.
 - ✓ Commission revenue grew 47% YoY, primarily due to 49% YoY growth in Tmall physical goods GMV.
 - ✓ Other revenue grew 438% YoY primarily due to the growth in New Retail businesses.
- Segment adjusted EBITA margin decreased YoY due to our investments in New Retail businesses, globalization and user experience.

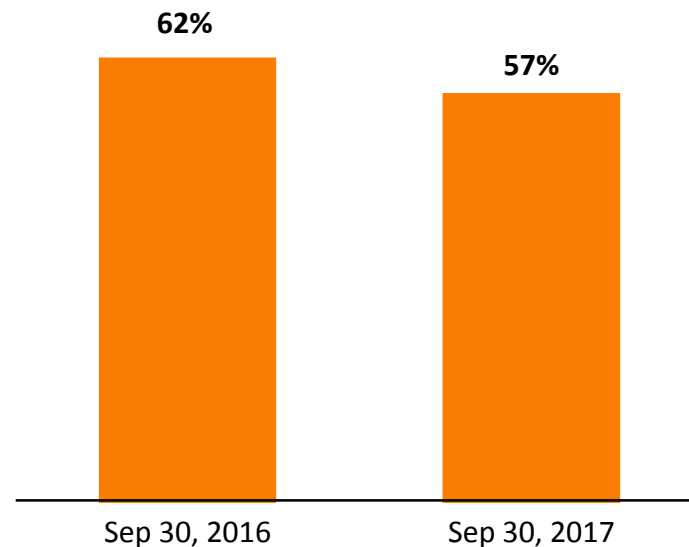
Segment Revenue

(RMB Bn)



■ China commerce retail ■ International commerce retail ■ Wholesale + Other

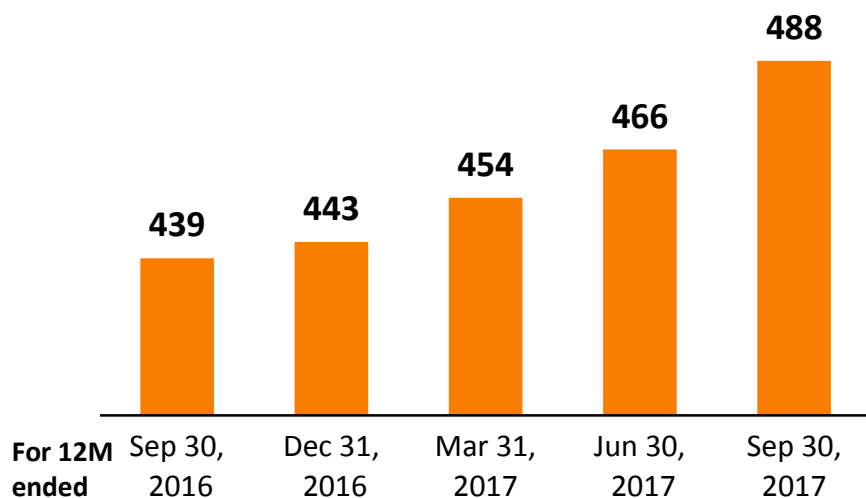
Segment Adjusted EBITA Margin



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

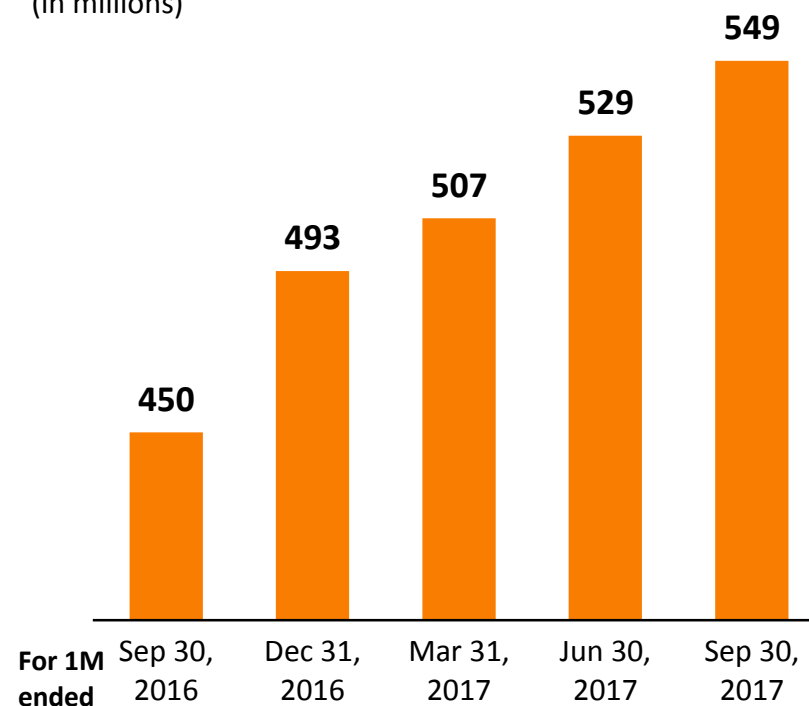
Annual Active Consumers⁽¹⁾

(in millions)



Mobile MAUs⁽²⁾

(in millions)



Notes:

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

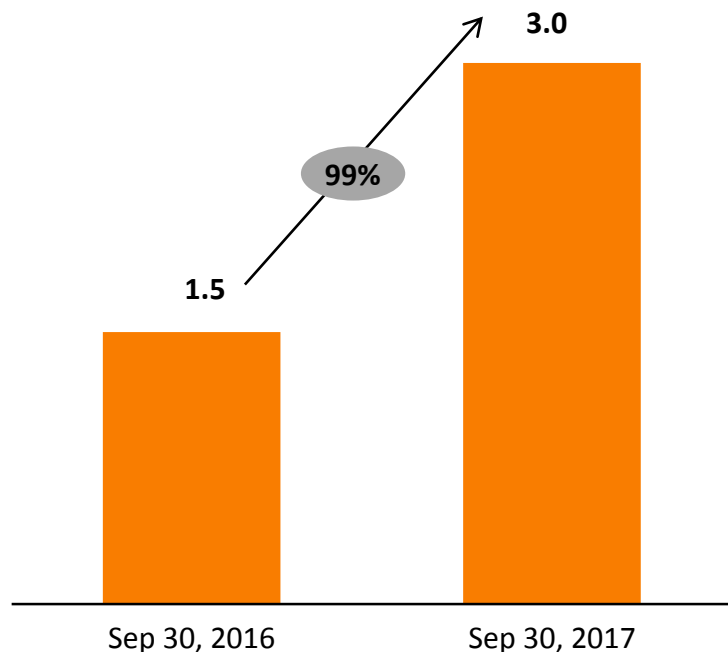
(2) In a given month, the number of unique mobile devices that were used to visit or access certain of our mobile applications at least once during that month.

Cloud Computing Segment

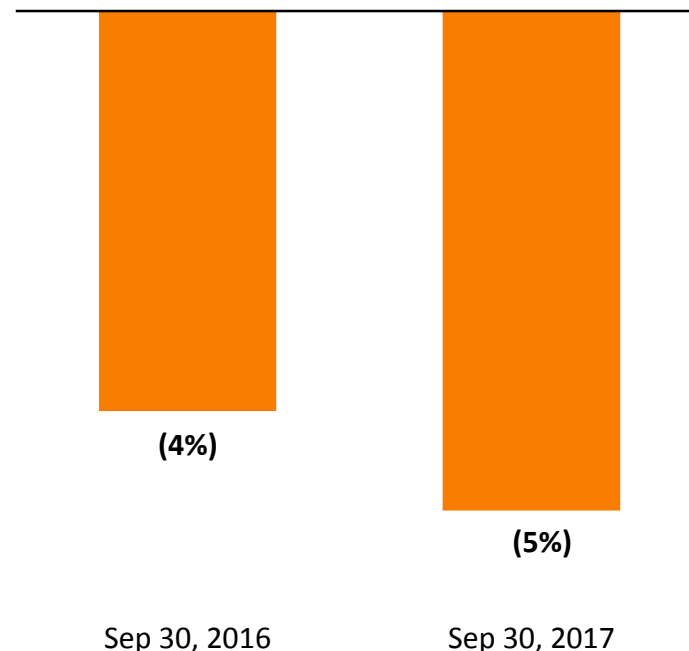
- Alibaba Cloud revenue grew 99% YoY, driven by robust growth in paying customers and also by an increase in their usage of our cloud computing services including more complex offerings.
- Segment adjusted EBITA margin decreased YoY, primarily due to continued expansion and enhancement of paying customer base, products and services, both within China and overseas.

Segment Revenue

(RMB Bn)



Segment Adjusted EBITA Margin

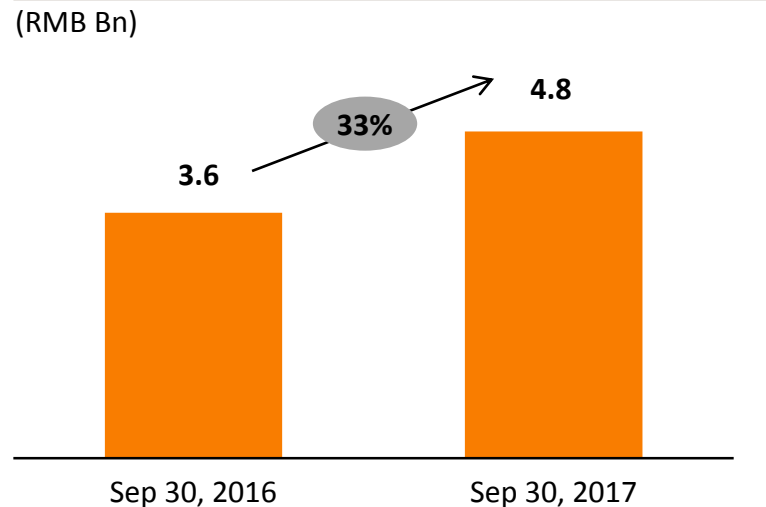


Note: For the three months ended on the respective dates.

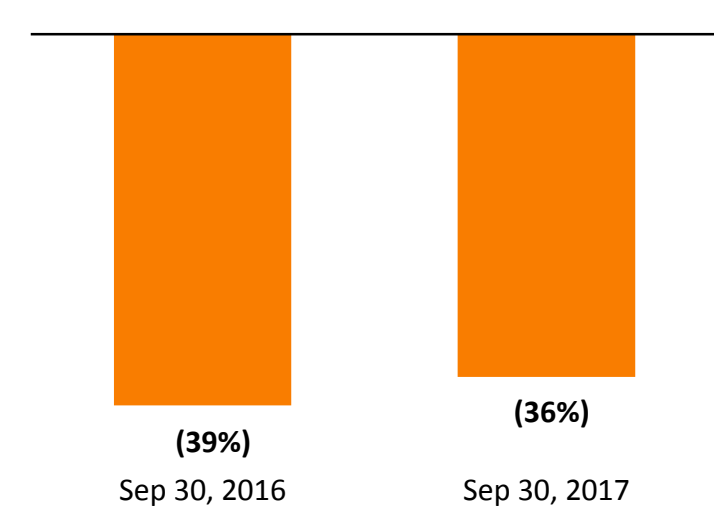
Digital Media & Entertainment Segment

- Segment revenue grew 33% YoY primarily due to an increase in revenue from mobile value-added services provided by UCWeb, such as news feeds and mobile search, and an increase in subscription and advertising revenue from Youku Tudou.
- Adjusted EBITA margin of this segment improved to negative 36%, due to solid results from UCWeb, partly offset by an increase in investment in content costs of Youku Tudou.

Segment Revenue



Segment Adjusted EBITA Margin



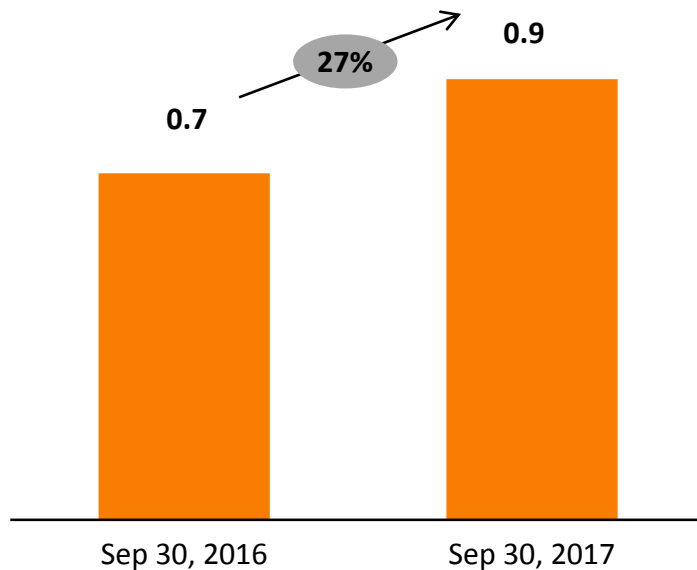
Note: For the three months ended on the respective dates.

Innovation Initiatives & Others Segment

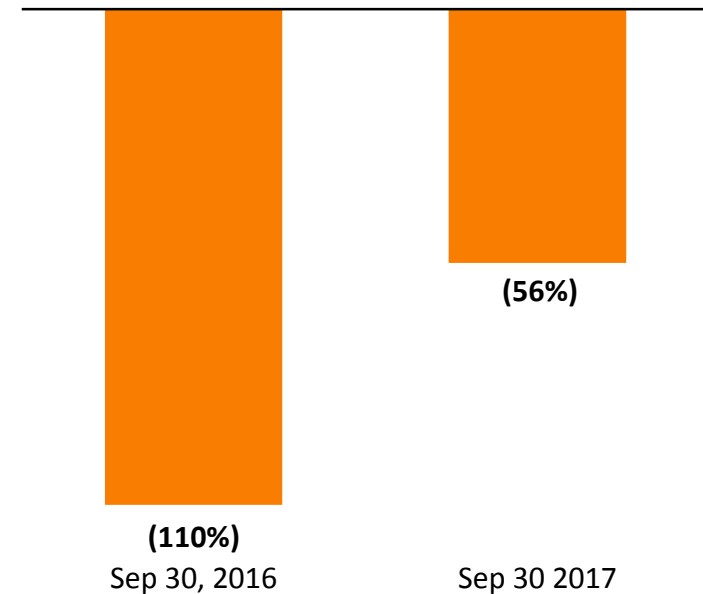
- The innovation initiatives and others segment includes businesses such as AutoNavi, YunOS, and DingTalk.
- These businesses represent our strategic investments into future growth and are in the initial investment phase.

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 Sep 30, 2017 was a loss of RMB882 million (US\$133 million), compared to a loss of RMB1,388 million in the quarter ended June 30, 2017, primarily due to an increase in our share of profit, net of other equity investees.

In RMB MM unless otherwise stated	Sep Q 2016	Jun Q 2017	Sep Q 2017
Share of loss (profit) of equity investees:			
- Koubei	(3)	(391)	(369)
- Cainiao Network*	(220)	(245)	(273)
- Other equity investees	(160)	(311)	190
Dilution gains (losses)	46	(29)	(14)
Others**	(230)	(412)	(416)
TOTAL	(567)	(1,388)	(882)









Note:

* We will begin to consolidate Cainiao Network in the December quarter 2017.

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









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September 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
Sep 17 Revenue (MM)	RMB 46,462 USD 6,983 63% YoY	RMB 2,975 USD 447 99% YoY	RMB 4,798 USD 721 33% YoY	RMB 887 USD 134 27% YoY	-	RMB 55,122 USD 8,285 61% YoY
Sep 17 Adjusted EBITA (MM)	RMB 26,414 USD 3,970	RMB (162) USD (24)	RMB (1,749) USD (263)	RMB (496) USD (75)	RMB (989) USD (148)	RMB 23,018 USD 3,460
Sep 17 Adjusted EBITA Margin (%)	57%	(5%)	(36%)	(56%)		42%
Sep 16 Adjusted EBITA Margin (%)	62%	(4%)	(39%)	(110%)		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 RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.

Fiscal YTD Segment Reporting

	Core Commerce	Cloud Computing	Digital Media & Entertainment	Innovation Initiatives & Others	Un-allocated ⁽²⁾	Consolidated
	<p>China Commerce Retail</p>  <p>阿里妈妈 Alimama.com Tmall Global</p>  <p>China Commerce Wholesale</p>  <p>International Commerce Retail</p>  <p>International Commerce Wholesale</p> 					
FY18 YTD Revenue (MM)	RMB 89,489 USD 13,450 61% YoY	RMB 5,406 USD 813 98% YoY	RMB 8,879 USD 1,335 32% YoY	RMB 1,532 USD 230 24% YoY	-	RMB 105,306 USD 15,828 58% YoY
FY18 YTD Adjusted EBITA (MM)	RMB 53,384 USD 8,024	RMB (265) USD (40)	RMB (3,497) USD (526)	RMB (1,130) USD (170)	RMB (1,956) USD (294)	RMB 46,536 USD 6,994
FY18 YTD Adjusted EBITA Margin (%)	60%	(5%)	(39%)	(74%)		44%
FY17 YTD Adjusted EBITA Margin (%)	61%	(8%)	(36%)	(134%)		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 RMB6.6533 to US\$1.00, the exchange rate on Sep 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		
	Sep 30, 2016	Sep 30, 2017	
	(RMB MM)	(RMB MM)	(US\$MM)
Adjusted EBITDA			
Income from operations	9,045	16,584	2,493
Add: Share-based compensation expense	4,251	4,686	704
Add: Depreciation and amortization of property and equipment and land use rights	1,282	2,013	302
Add: Amortization of intangible assets	1,297	1,748	263
Adjusted EBITDA	15,875	25,031	3,762
<i>Adjusted EBITDA margin</i>	<i>46%</i>	<i>45%</i>	
Non-GAAP net income			
Net income	7,075	17,408	2,616
Add: Share-based compensation expense	4,251	4,686	704
Add: Amortization of intangible assets	1,297	1,748	263
Add: Impairment of goodwill and investments	856	389	58
Less: Gain on deemed disposals/disposals/ revaluation of investments and others	(527)	(2,297)	(344)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	66	66	10
Adjusted for tax effects on non-GAAP adjustments	(69)	89	13
Non-GAAP net income	12,949	22,089	3,320
Non-GAAP Free cash flow			
Net cash provided by operating activities	17,206	30,507	4,585
Less: Purchase of property and equipment and intangible assets (excluding land use rights and construction in progress)	(3,348)	(8,002)	(1,202)
Add: Others	85	-	-
Non-GAAP free cash flow	13,943	22,505	3,383

(1) All translations of RMB into US\$ were made at RMB6.6533 to US\$1.00, the exchange rate on Sep 30, 2017 as set forth in the H.10 statistical release of the Federal Reserve Board.



Alibaba Group

阿里巴巴集团

