

March Quarter 2018 Results

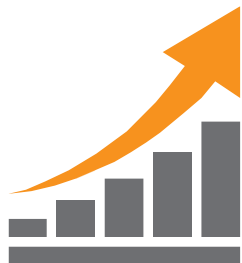


This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “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.

March Quarter 2018 Financial Highlights

Revenue



61% YoY
Total Revenue Growth

62% YoY
Core Commerce
Revenue Growth

Cloud



103% YoY
Cloud Computing
Revenue Growth

Consumers



617 MM
Mobile MAUs ⁽¹⁾

552 MM
Annual Active Consumers ⁽²⁾

Profitability and Cash Flow



43% Core Commerce
EBITA Margin

US\$1.4 Bn⁽³⁾
Non-GAAP Free Cash Flow

Notes: Unless otherwise indicated, all figures above are for the three months ended Mar 31, 2018.

(1) For the month ended Mar 31, 2018; 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 Mar 31, 2018; the number of annual active consumers on our China retail marketplaces.

(3) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on Mar 30, 2018 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 China commerce retail business, Alibaba Cloud, and international commerce retail business.
- The consolidation of Cainiao Network and Intime also resulted in greater revenue.

Total Revenue Breakdown

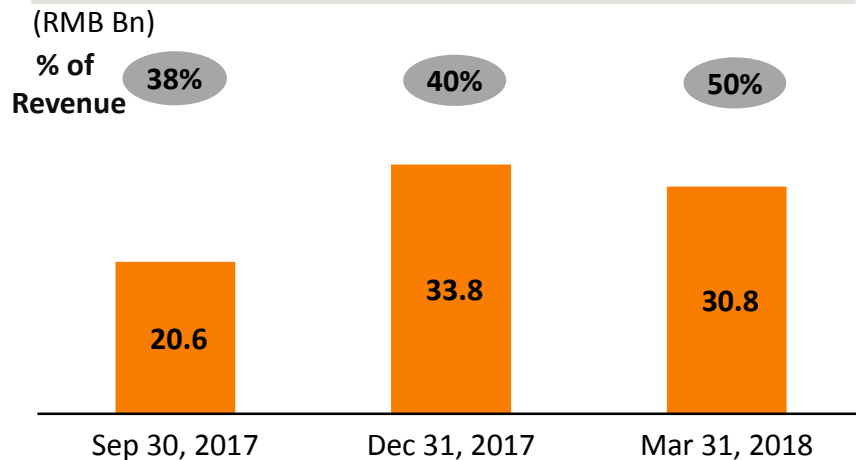
	Three months ended March 31, 2018		
	RMB MM	% of Revenue	YoY%
Core commerce:			
China commerce retail	40,185	65%	56%
China commerce wholesale	1,883	3%	28%
International commerce retail	3,967	6%	63%
International commerce wholesale	1,699	3%	13%
Cainiao logistics services ⁽¹⁾	2,852	5%	N/A
Others	701	1%	101%
Total core commerce	51,287	83%	62%
Cloud computing	4,385	7%	103%
Digital media and entertainment	5,272	8%	34%
Innovation initiatives and others	988	2%	8%
Total	61,932	100%	61%

Note: We started to consolidate Cainiao Network in mid-October 2017 after obtaining control over Cainiao Network.

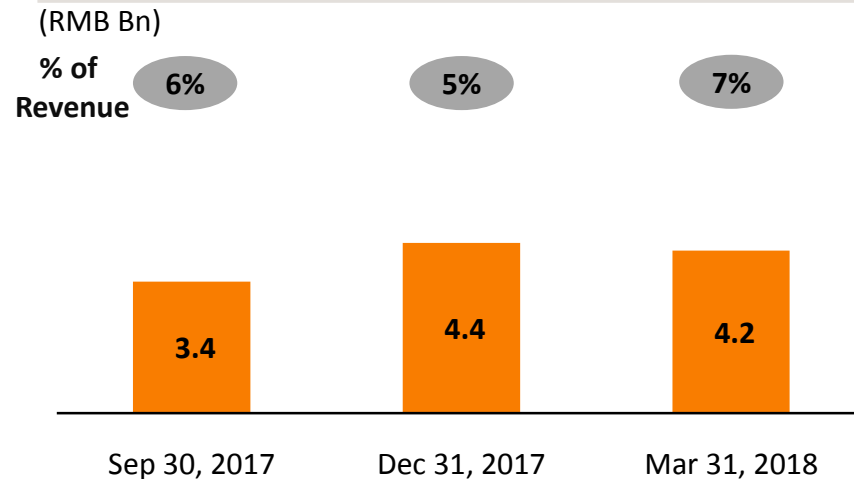
(1) After elimination of inter-company transactions.

Quarterly Cost Trends

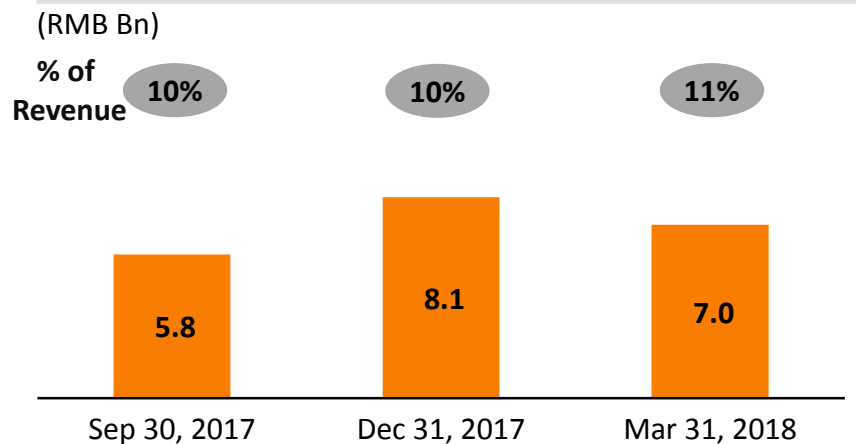
Cost of Revenue (Excluding SBC)



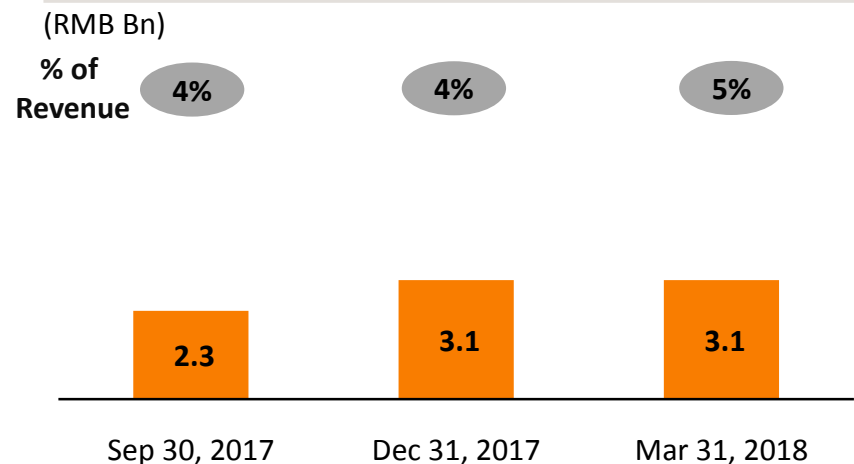
Product Development Expenses (Excluding SBC)



Sales & Marketing Expenses (Excluding SBC)



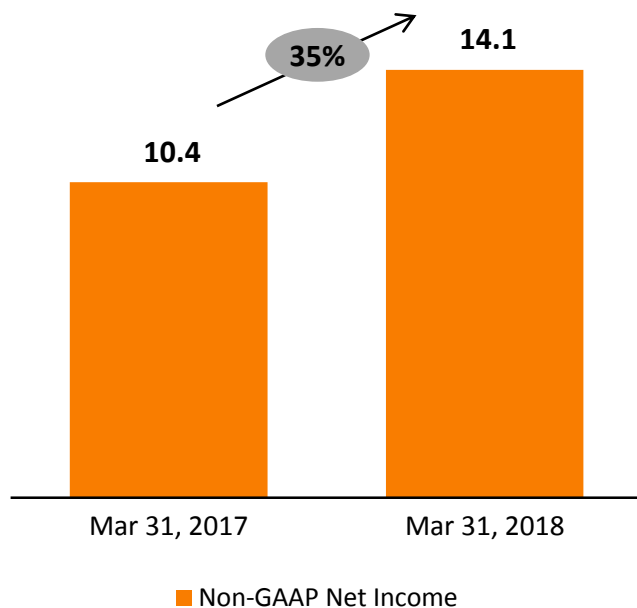
General & Administrative Expenses (Excluding SBC)



Non-GAAP Net Income and Non-GAAP Diluted EPS

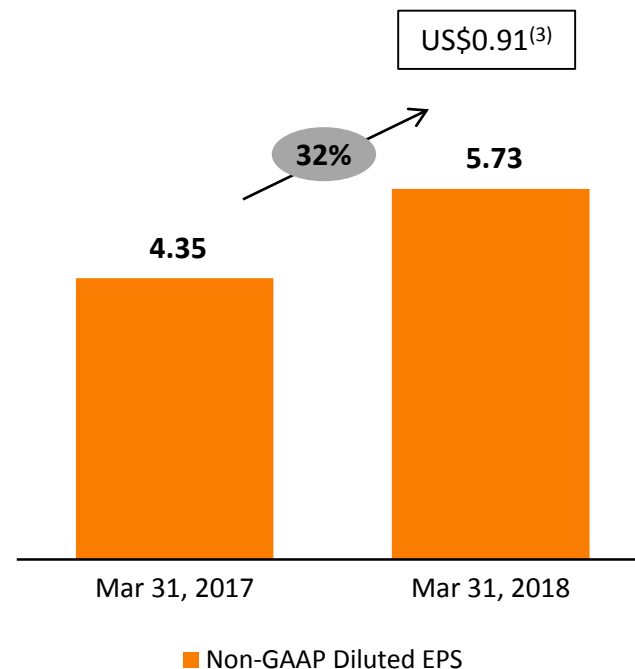
Non-GAAP Net Income⁽¹⁾

(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.

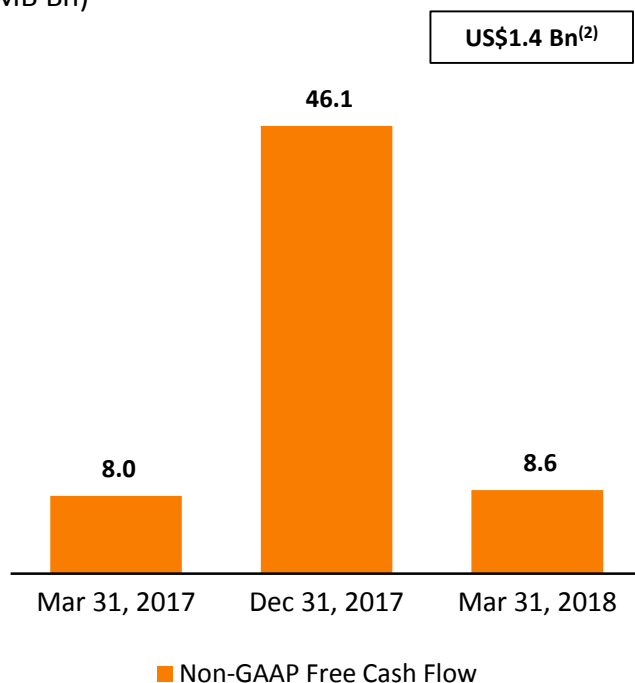
- (1) Non-GAAP net income represents net income before share-based compensation expense, amortization, impairment of goodwill and investments, gain on deemed disposals/disposals/revaluation of investments, amortization of excess value receivable arising from the restructuring of commercial arrangements 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 RMB6.2726 to US\$1.00, the exchange rate on Mar 30, 2018 as set forth in the H.10 statistical release of the Federal Reserve Board.

Free Cash Flow and Cash

- The decrease in cash, cash equivalents and short-term investments during the quarter ended March 31, 2018 was primarily due to cash used in investing activities, including investments in Wanda Cinemas and Easyhome, and cash used to acquire additional shares of Intime, partly offset by free cash flow generated from operations of RMB8,564 million (US\$1,365 million).

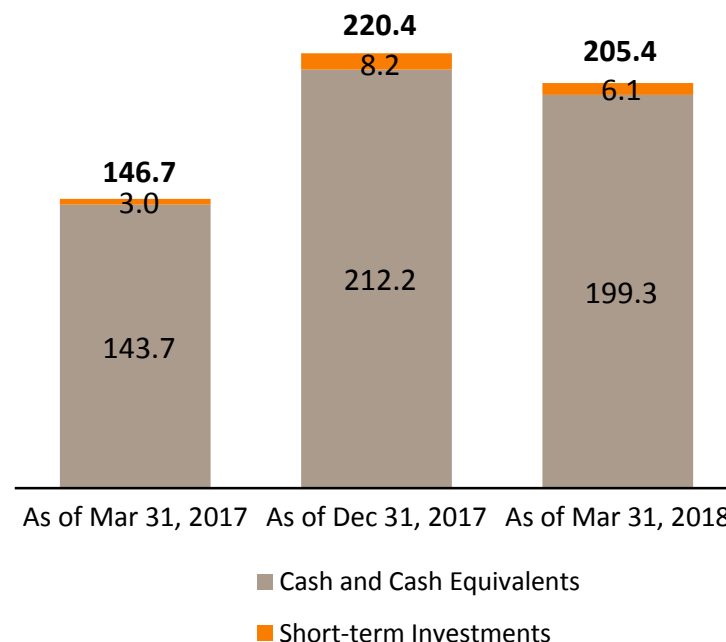
Non-GAAP Free Cash Flow ⁽¹⁾

(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.

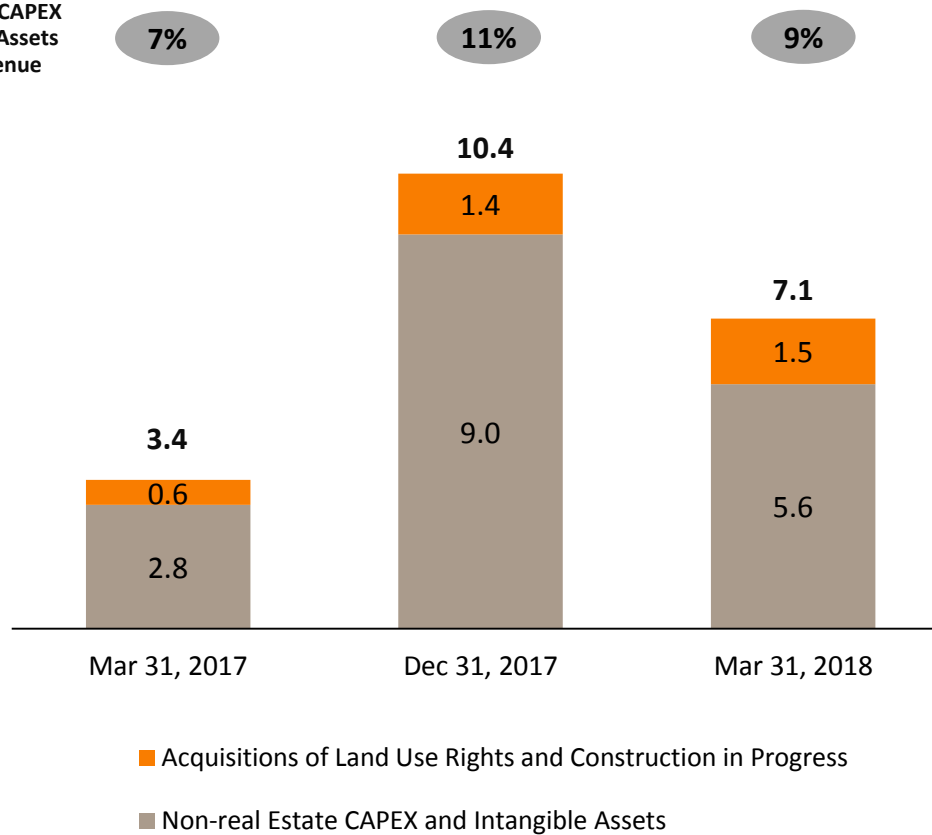
(1) Non-GAAP free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment and intangible assets (excluding acquisition of land use rights and construction in progress) and others.

(2) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on Mar 30, 2018 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
and Intangible Assets
as a % of Revenue



March 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>  <i>Cainiao Logistics Services</i> 	Cloud Computing 	Digital Media & Entertainment             	Innovation Initiatives & Others   	Un-allocated⁽²⁾	Consolidated
Mar 18 Revenue (MM)	RMB 51,287 USD 8,176 62% YoY	RMB 4,385 USD 699 103% YoY	RMB 5,272 USD 840 34% YoY	RMB 988 USD 158 8% YoY	-	RMB 61,932 USD 9,873 61% YoY
Mar 18 Adjusted EBITA (MM)	RMB 22,186 USD 3,537 19% YoY	RMB (353) USD (56)	RMB (2,595) USD (414)	RMB (860) USD (137)	RMB (1,573) USD (251)	RMB 16,805 USD 2,679 11% YoY
Mar 18 Adjusted EBITA Margin (%)	43%	(8%)	(49%)	(87%)		27%

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 RMB6.2726 to US\$1.00, the exchange rate on Mar 30, 2018 as set forth in the H.10 statistical release of the Federal Reserve Board.

Fiscal 2018 Financial Highlights

Revenue



58% YoY
Total Revenue
Growth

GMV



RMB 4.8 Trillion
(US\$ 768 Bn⁽¹⁾)
Transacted on China
retail marketplaces

Consumers



617 MM
Mobile MAUs ⁽²⁾
552 MM
Annual Active Consumers ⁽³⁾

Strong Profitability and Cash Flow



Core Commerce
53% EBITA Margin
US\$15.8 Bn⁽¹⁾
Non-GAAP Free Cash Flow

Core Commerce

60% YoY
Revenue Growth

Stable YoY EBITA margin,
excluding investments in New
Retail, Cainiao Network and
Lazada

Cloud



101% YoY
Revenue Growth

(6%) EBITA Margin









Notes: Unless otherwise indicated, all figures above are for the twelve months ended March 31, 2018.

(1) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on Mar 30, 2018 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) For the month ended Mar 31, 2018; 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.

(3) Formerly annual active buyers; for the 12-month period ended Mar 31, 2018; the number of annual active consumers on our China retail marketplaces.

Fiscal 2018 Segment Reporting

	Core Commerce <i>China Commerce Retail</i>  <i>China Commerce Wholesale</i>  <i>International Commerce Retail</i>  <i>International Commerce Wholesale</i>  <i>Cainiao Logistics Services</i> 	Cloud Computing 	Digital Media & Entertainment 	Innovation Initiatives & Others 	Un-allocated⁽²⁾	Consolidated
FY18 Revenue (MM)	RMB 214,020 USD 34,120 60% YoY	RMB 13,390 USD 2,135 101% YoY	RMB 19,564 USD 3,119 33% YoY	RMB 3,292 USD 524 10% YoY	-	RMB 250,266 USD 39,898 58% YoY
FY18 Adjusted EBITA (MM)	RMB 114,100 USD 18,190 38% YoY	RMB (799) USD (127)	RMB (8,305) USD (1,324)	RMB (2,996) USD (478)	RMB (4,997) USD (796)	RMB 97,003 USD 15,465 40% YoY
FY18 Adjusted EBITA Margin (%)	53%	(6%)	(42%)	(91%)		39%

Notes:

- (1) Segmental information is presented after elimination of inter-company transactions.
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Structural Change to Core Commerce Margin Profile

- New Retail revenue is primarily recorded on a gross basis but our core of Core Commerce revenue is recorded on a net basis. Increasing mix of New Retail revenue inside Core Commerce will structurally change the margin profile of the Core Commerce segment.
- Excluding New Retail, consolidation of Cainiao, and investment in Lazada, the adjusted EBITA margin of the core of core commerce is 63%.
- The adjusted EBITA margin of the core of core commerce improved due to operating leverage net of investments in user and user experience.
- The investment in user and user experience resulted in increasing market leadership and greater user growth for fiscal year 2018.

	Core Commerce Full FY
FY 2017 Core commerce Adjusted EBITA Margin	62%
Operating leverage net of investments in user and user experience	1%
FY2018 Core of core commerce Adjusted EBITA margin	63%
Investment in New Retail*, consolidation of Cainiao, and Lazada	(10%)
FY2018 Core commerce Adjusted EBITA margin	53%

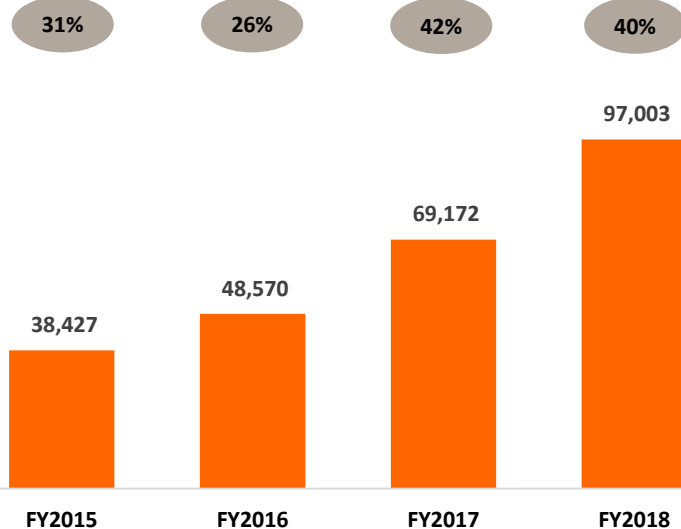
Sustainable Long-term Profit Growth

- Fiscal year 2018 was a tremendous year with robust organic revenue growth and increasing market leadership for China Retail Marketplace and Cloud computing businesses.
- Benefited from our focus on the long-term that enabled us to increase our market opportunities and drive sustainable and healthy long-term profit growth.

Adjusted EBITA and Adjusted EBITA YoY Growth

(RMB in millions)

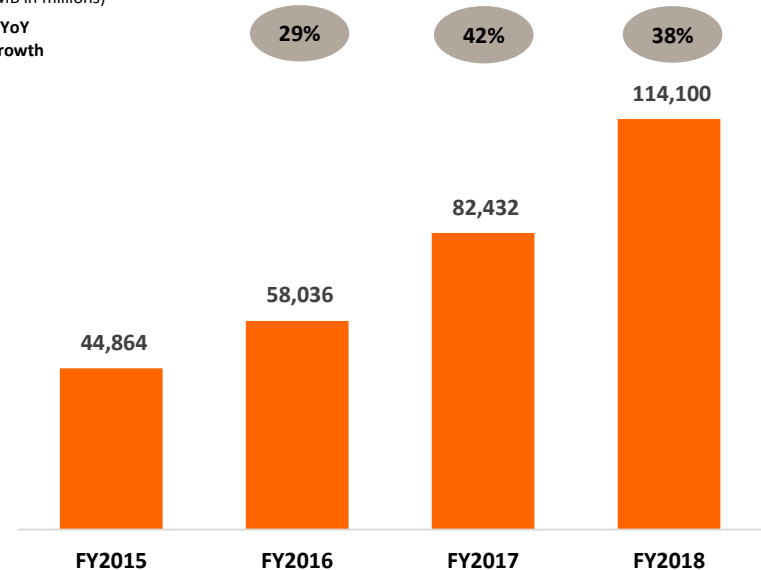
YoY Growth



Core Commerce Adjusted EBITA and Core Commerce Adjusted EBITA YoY Growth

(RMB in millions)

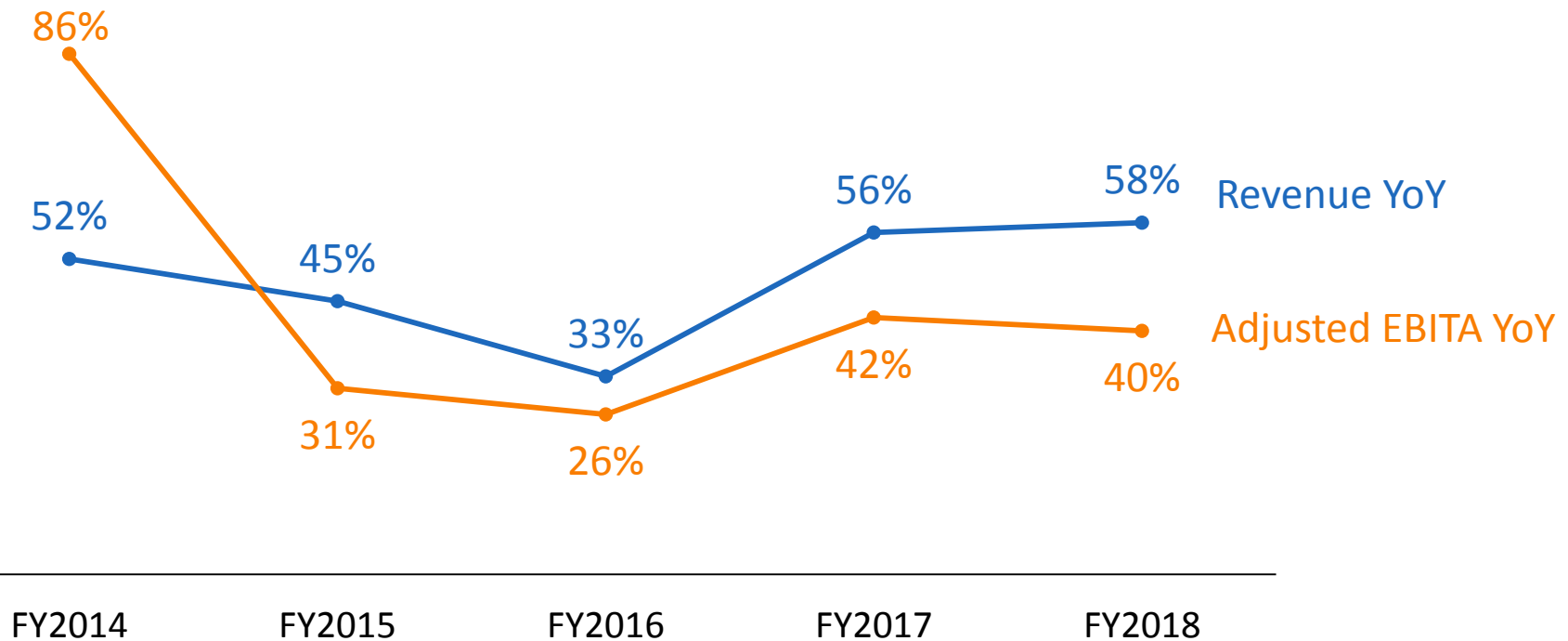
YoY Growth



Fiscal Year 2019 Guidance

- Expect revenue growth for to be over 60% YoY for fiscal year 2019. Excluding the consolidation of Ele.me and Cainiao Network, we expect revenue growth to be over 50% for fiscal year 2019
- Even during a period of investments, we have had healthy profit growth of recent years.
- We will continue to invest our operating free cash flow to generate long-term sustainable profit growth.

% Growth Year-over-Year



Share of Results of Equity Investees

- Share of results of equity investees in the quarter ended March 31, 2018 was a loss of RMB70 million (US\$11 million), compared to a loss of RMB1,444 million in the same quarter of 2017.
- Our cumulative share of Koubei's losses had reduced the carrying value of our investment in Koubei to zero. As a result, we have ceased to recognize further losses for this investment.

In RMB MM unless otherwise stated	Mar Q 2017	Mar Q 2018	FY2017	FY2018
Share of (loss) profit of equity investees:				
- Koubei	(505)	-	(990)	(1,340)
- Cainiao Network*	(375)	-	(1,056)	(518)
- Other equity investees	(41)	480	(838)	1,040
Impairment losses	-	-	(245)	(18,153)
Dilution losses	(61)	(75)	(336)	(128)
Others**	(462)	(475)	(1,562)	(1,693)
TOTAL	(1,444)	(70)	(5,027)	(20,792)

Note:

* We started to consolidate Cainiao Network in mid-October 2017 after obtaining control over Cainiao Network.

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

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GAAP to Adjusted/Non-GAAP Measures Reconciliation

	For the Three Months Ended		
	Mar 31, 2017	Mar 31, 2018	
	(RMB MM)	(RMB MM)	(US\$MM)
Adjusted EBITDA			
Income from operations	9,532	9,221	1,470
Add: Share-based compensation expense	4,306	6,255	997
Add: Depreciation and amortization of property and equipment and land use rights	1,446	2,649	422
Add: Amortization of intangible assets	1,313	1,329	212
Adjusted EBITDA	16,597	19,454	3,101
<i>Adjusted EBITDA margin</i>	<i>43%</i>	<i>31%</i>	
Non-GAAP net income			
Net income	9,852	6,641	1,059
Add: Share-based compensation expense	4,306	6,255	997
Add: Amortization of intangible assets	1,313	1,329	212
Add: Impairment of goodwill and investments	133	89	14
Less: Gain on deemed disposals/disposals/ revaluation of investments and others	(5,603)	(153)	(24)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	65	65	10
Adjusted for tax effects on non-GAAP adjustments	374	(127)	(20)
Non-GAAP net income	10,440	14,099	2,248
Non-GAAP Free cash flow			
Net cash provided by operating activities	10,746	14,180	2,261
Less: Purchase of property and equipment and intangible assets (excluding land use rights and construction in progress)	(2,832)	(5,616)	(896)
Add: Others	66	-	-
Non-GAAP free cash flow	7,980	8,564	1,365

(1) All translations of RMB into US\$ were made at RMB6.2726 to US\$1.00, the exchange rate on Mar 30, 2018 as set forth in the H.10 statistical release of the Federal Reserve Board.



Alibaba Group

阿里巴巴集团

