



# Xiaomi Corporation

Q2 2020 Results Announcement

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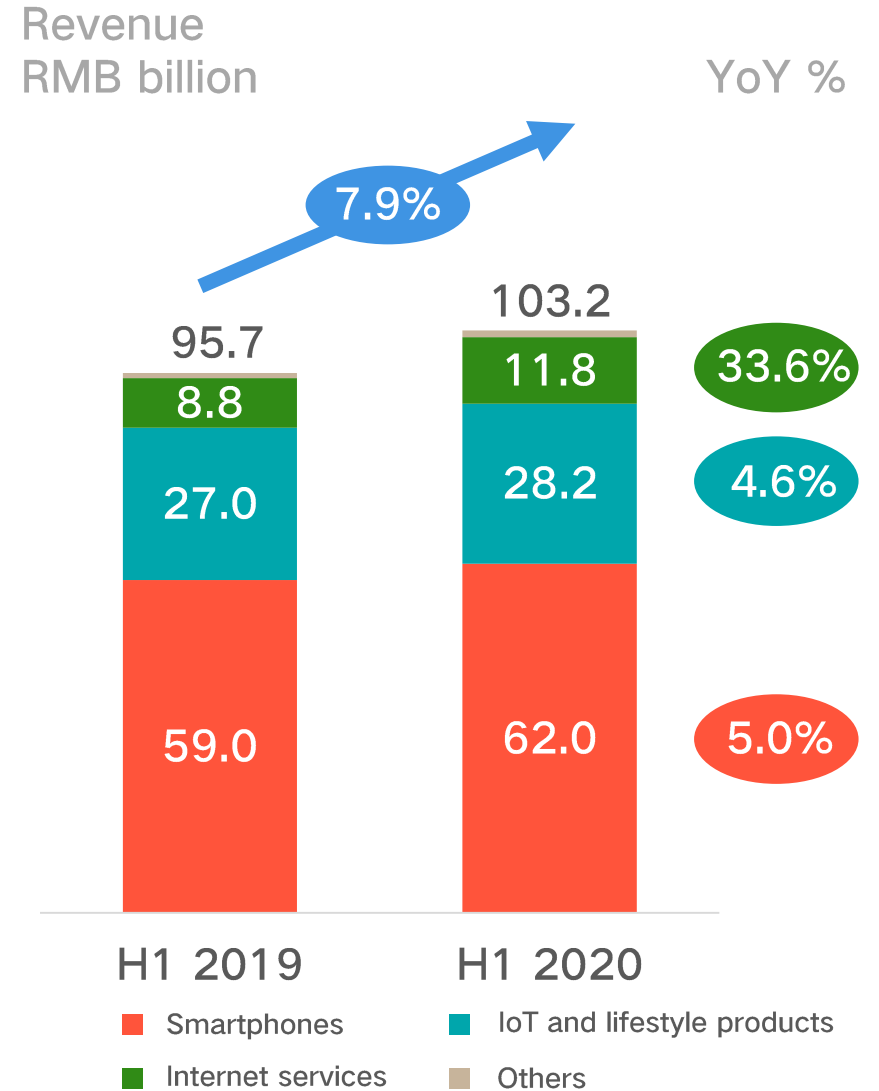
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In H1 2020

Total revenue was RMB103.2 billion,  
up 7.9% YoY

Adjusted net profit<sup>1</sup> was RMB5.7 billion



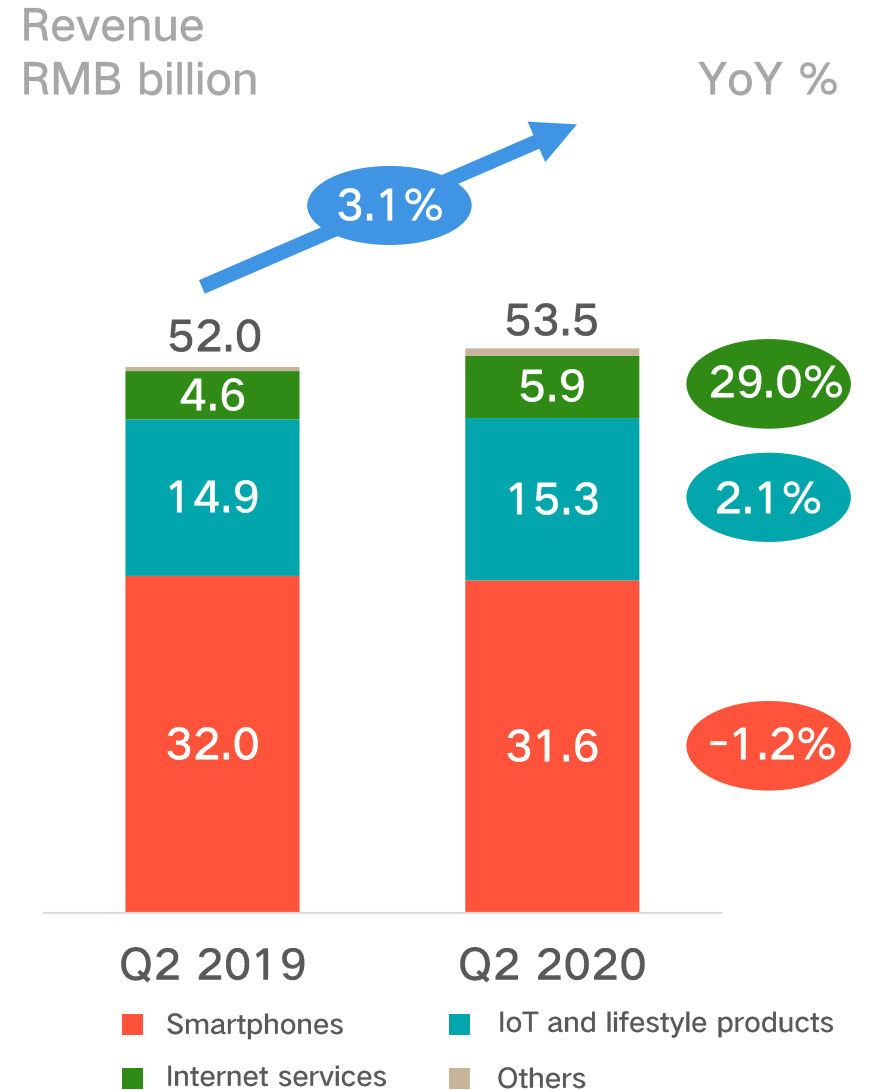
<sup>1</sup> Defined as profit for the period, as adjusted by adding back (i) share-based compensation, (ii) net fair value changes on investments, (iii) amortization of intangible assets resulting from acquisitions, (iv) changes of value of financial liabilities to fund investors, and (v) income tax effects

In Q2 2020

Total revenue was RMB53.5 billion,  
up 3.1% YoY

Net income was RMB4.5 billion

Adjusted net profit<sup>1</sup> was RMB3.4 billion,  
up **46.6%** QoQ



<sup>1</sup> Defined as profit for the period, as adjusted by adding back (i) share-based compensation, (ii) net fair value changes on investments, (iii) amortization of intangible assets resulting from acquisitions, (iv) changes of value of financial liabilities to fund investors, and (v) income tax effects

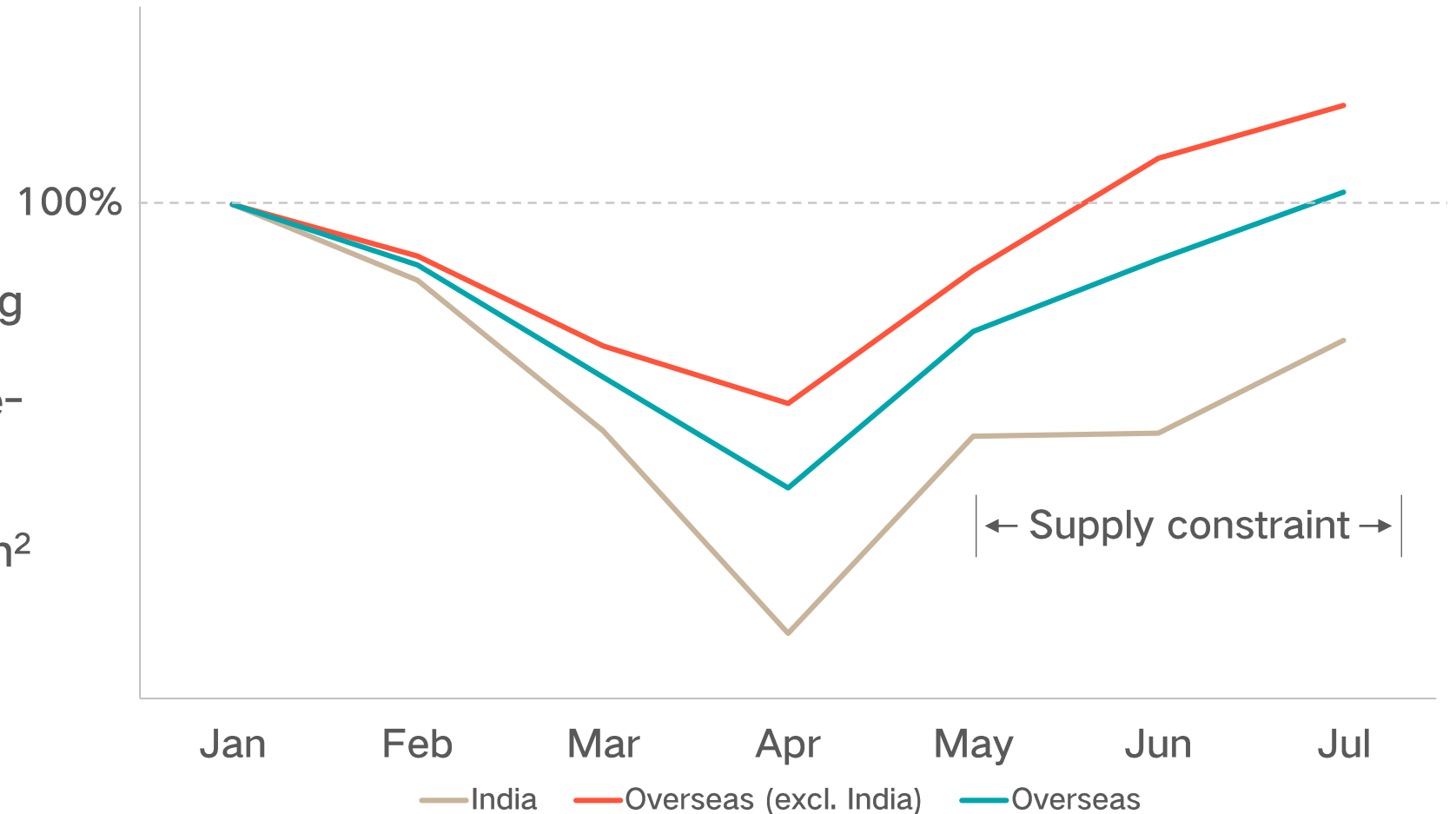
# Overseas business has largely recovered from the pandemic

Overseas smartphone activation trend<sup>1</sup>

Overseas smartphone activation<sup>2</sup> has surpassed the pre-pandemic level

In overseas markets (excluding India), smartphone activation<sup>2</sup> has achieved **120%** of the pre-pandemic level

In India, smartphone activation<sup>2</sup> has achieved **72%** of the pre-pandemic level



<sup>1</sup> Daily average smartphone activation for each month, as % of the daily average in January

<sup>2</sup> Daily average smartphone activation in July 2020

# Ranked Top 3 in Europe with the highest YoY growth<sup>1</sup> in Q2 2020

Million units

Europe smartphone shipments and market share					
Vendor	Q2 2020 shipment volume	Q2 2020 market share	Q2 2019 shipment volume	Q2 2019 market share	Shipment YoY growth
Samsung	12.7	29.9%	18.3	40.6%	-30.8%
Apple	9.0	21.3%	6.4	14.1%	42.0%
Xiaomi	7.1	16.8%	4.3	9.6%	64.9%
Huawei	7.0	16.6%	8.5	18.8%	-17.2%
HMD Global	1.1	2.5%	1.2	2.7%	-12.3%
Others	5.5	13.0%	6.4	14.2%	-13.6%
Total	42.4	100.0%	45.1	100.0%	-5.9%

Source: Canalis

<sup>1</sup>Among top 5 smartphone vendors, by shipments

# Relentlessly pursuing advanced technologies: Mi 10 Ultra



World's **first** 120x AI super zoom camera  
World's **first** 120W wired and 50W  
wireless fast charging

DXOMARK			
MOBILE	CAMERA	SELFIE	AUDIO
Xiaomi Mi 10 Ultra	130		
Huawei P40 Pro	128	103	59
Honor 30 Pro+	125		
Oppo Find X2 Pro	124	72	74
Xiaomi Mi 10 Pro	124	83	76

**No.1** in overall camera, photo and  
video scores on DXOMARK<sup>1</sup>

<sup>1</sup>At the time of launch

# Xiaomi has been globally acknowledged for our innovation



**#422**

2020 Fortune Global 500  
Up 46 places compared to 2019



**#24**

Boston Consulting Group's 50 Most Innovative Companies of 2020



The Derwent Top 100 Global Innovators of 2020



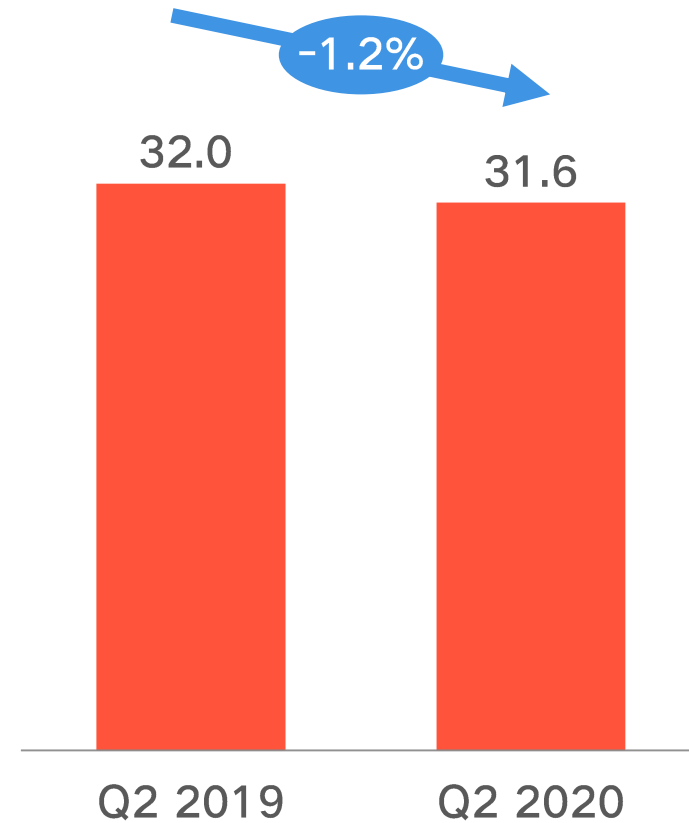
Smartphones

In Q2 2020

Smartphone revenue reached RMB31.6 billion, up 4.3% QoQ

Smartphone shipments reached 28.3 million units

Smartphone revenue  
RMB billion



# Our premium smartphones were well-received by the market

## Mainland China



### Mi 10

**No.1** in the price range of RMB3,500-4,500 during JD 618 shopping festival



### Redmi K30 Pro

**Best-selling** 5G smartphone during JD 618 shopping festival

## Overseas



Mi 10/10 Pro  
€799/999+



Mi Note 10  
€549+



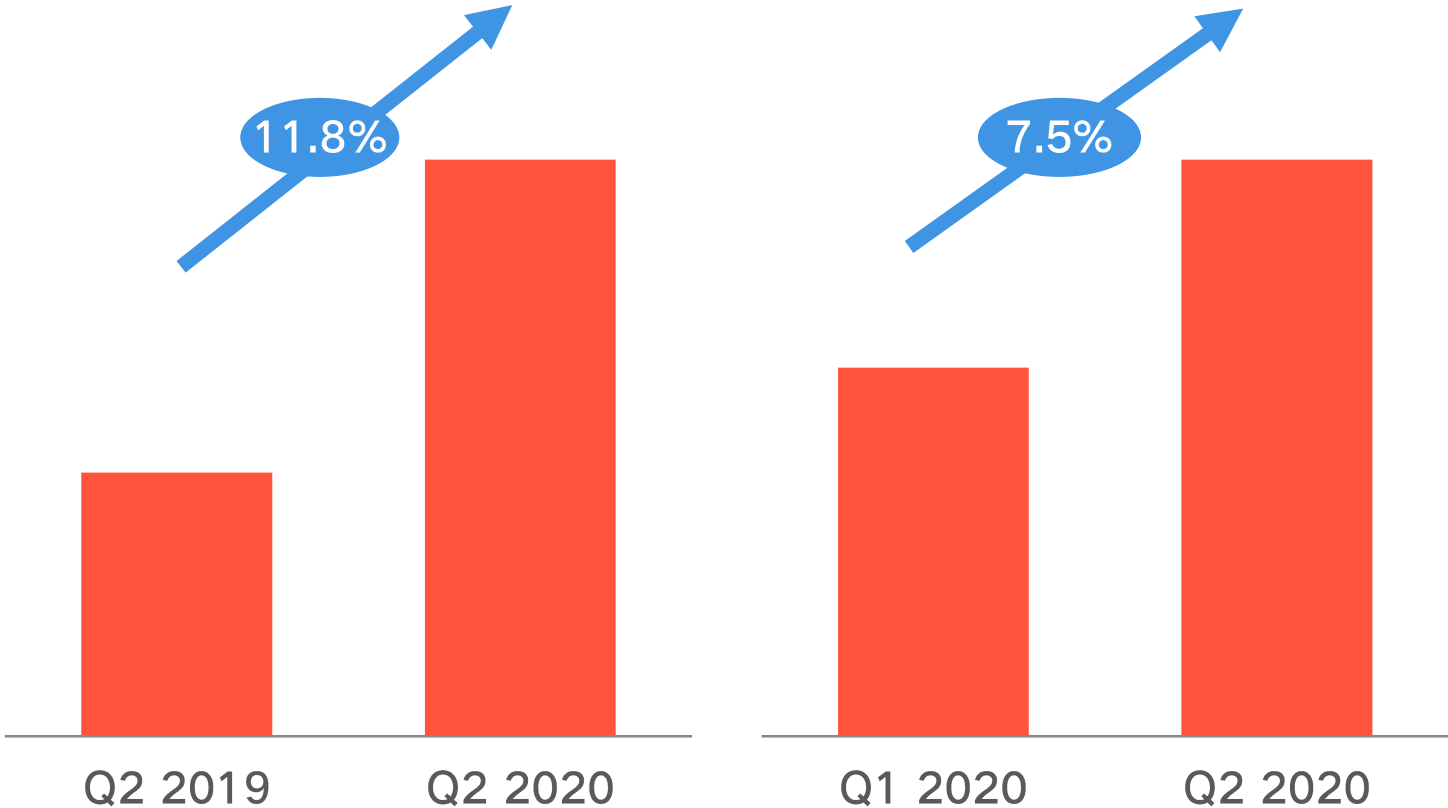
Mi 10 Lite  
€349+

Overseas shipments of premium smartphones<sup>1</sup> grew **99%** YoY in Q2 2020

<sup>1</sup>Smartphones with retail price at €300 or above

Smartphone ASP  
RMB

Driven by 5G and premium smartphone rollouts, our smartphone ASP recorded **11.8%** YoY and **7.5%** QoQ growth in Q2 2020



# Achieving great progress in the premium smartphone market while making leading technologies accessible to the mass market

Key mainland China smartphone models in H1



Retail price<sup>1</sup>  
RMB

5,000

4,000

3,000

2,000

1,000



Strengthened premium smartphone market position

Made 5G technology accessible to the mass market

Continued to introduce highly competitive entry-level smartphones

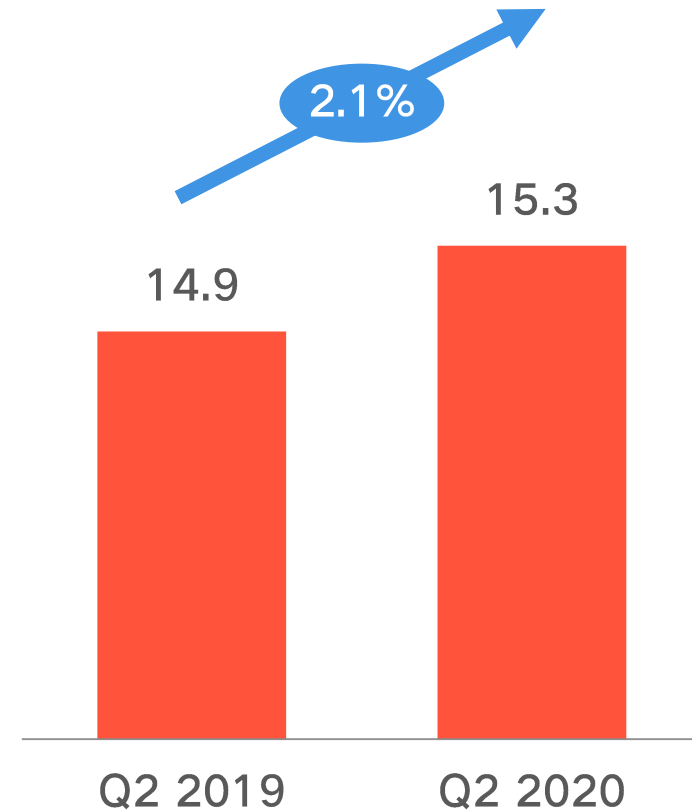
<sup>1</sup>At the time of launch

**AIoT**

In Q2 2020

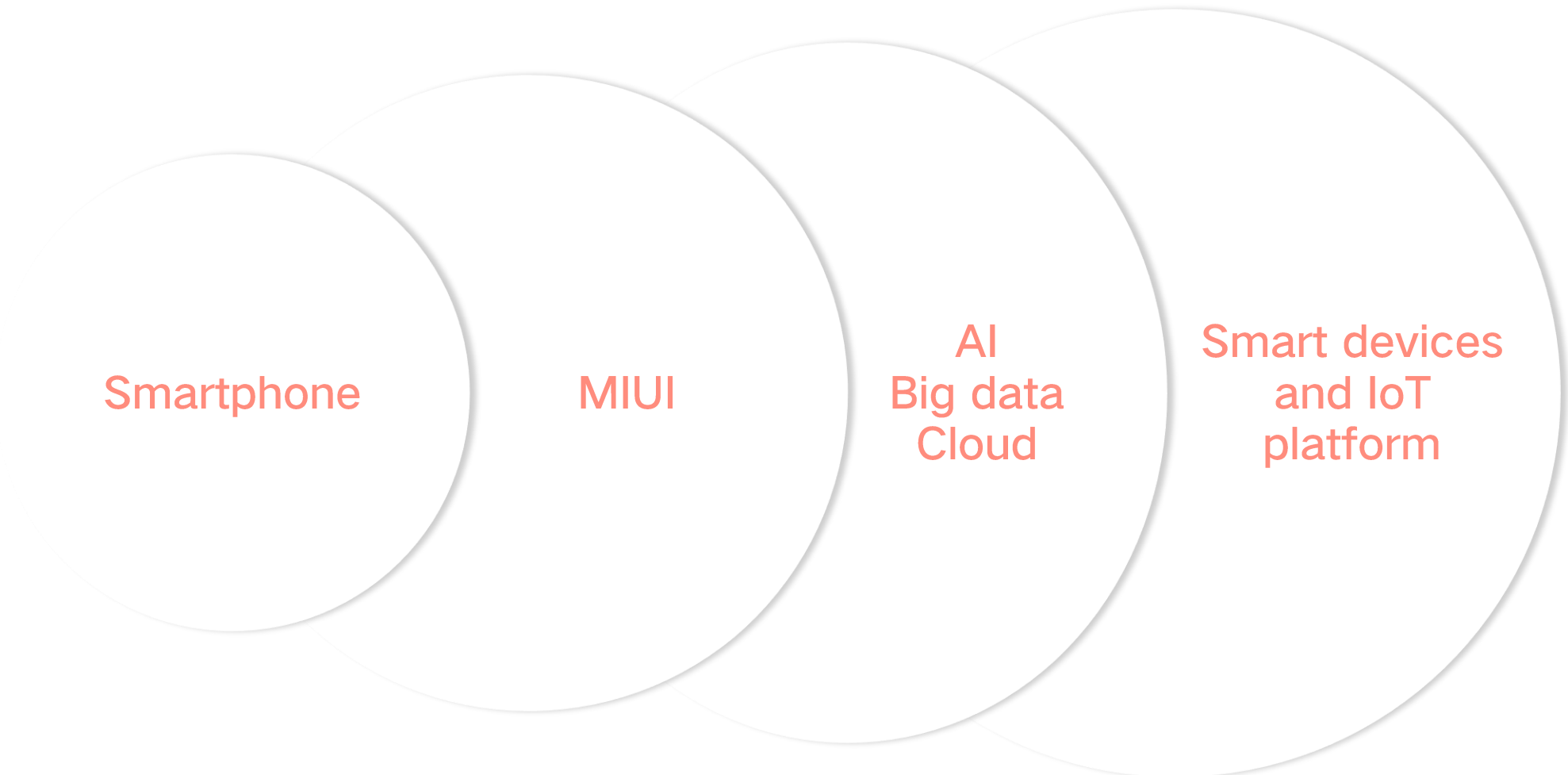
IoT and lifestyle products revenue reached RMB15.3 billion, up 2.1% YoY and **17.5%** QoQ

IoT and lifestyle products revenue  
RMB billion



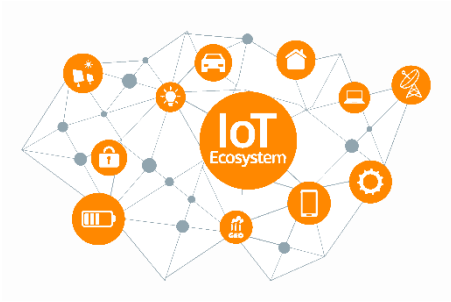
## Our core strategy: Smartphone × AIoT

- Smartphone is the cornerstone of our business model
- AIoT platform will revolve around smartphone to build up a smart living ecosystem





# Global leading consumer AIoT platform



**271.0 million**

Connected devices<sup>1</sup>  
YoY growth of **38.3%**



**5.1 million**

Users with 5 or more devices  
connected to Xiaomi's IoT platform<sup>1</sup>  
YoY growth of **63.9%**



**78.4 million**

AI assistant MAU  
YoY growth of **57.1%**<sup>2</sup>



**40.8million**

Mi Home APP MAU  
YoY growth of **34.1%**<sup>2</sup>

- Increase smartphone retention: higher retention rate for smartphone users with connected IoT devices
- Increase cross selling: for IoT users as of June 30, 2019, the average number of connected devices increased by over 25% in the subsequent 12 months

<sup>1</sup> As of June 30, 2020, excluding smartphones and laptops

<sup>2</sup> In June 2020

# Enhanced the connectivity and user experience of our AIoT platform



Control hub of smart living



One click configuration for smart devices



Enhance interaction among smart devices, including smartphone, laptop, smart TV, smartwatch and AI speaker

# No.1 TV brand in mainland China: continue to introduce innovative products



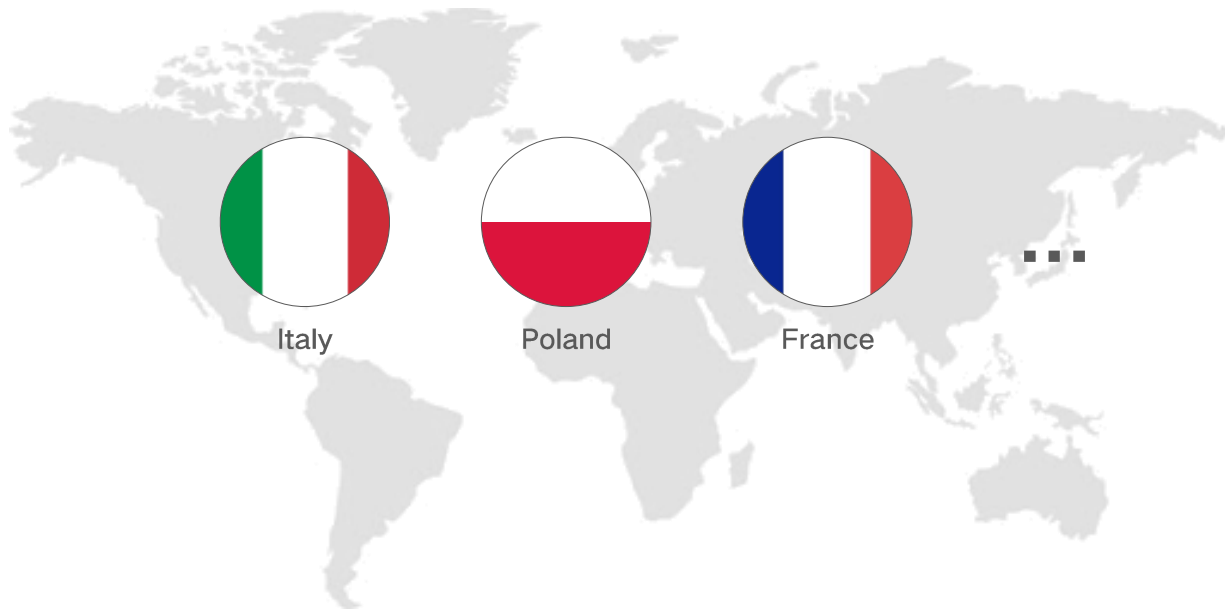
Entering premium TV markets with Mi TV LUX 65" OLED and Mi TV LUX Transparent Edition, the world's first mass-produced transparent TV

Global smart TV shipments in Q2 2020 reached **~2.8 million** units, up 1.7% despite a decline in global TV market

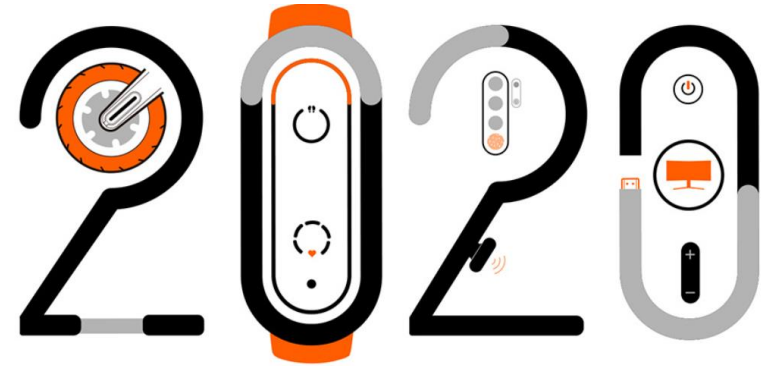
Ranked **No.1** in mainland China for 6 consecutive quarters<sup>1</sup>

<sup>1</sup> According to AVC, by shipments in Q2 2020

# Further expand IoT products to overseas markets



In H1 2020, we debuted our smart TVs in several new markets, including Italy, Poland and France



We held our first global ecosystem product launch in July 2020

# Internet Services

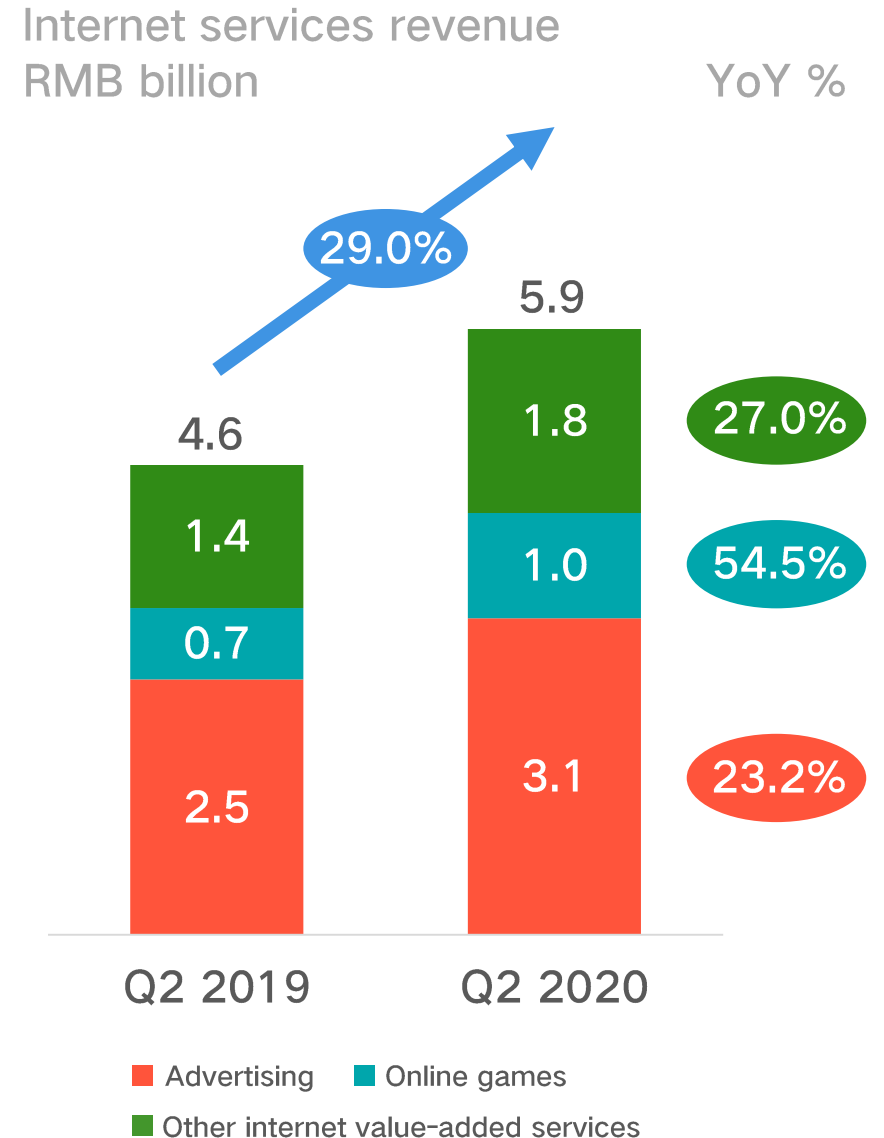
In Q2 2020

Internet services revenue reached RMB5.9 billion,  
up **29.0%** YoY

Advertising was up **23.2%** YoY

Online games was up **54.5%** YoY

Other internet value-added services was up  
**27.0%** YoY



# Strong user growth

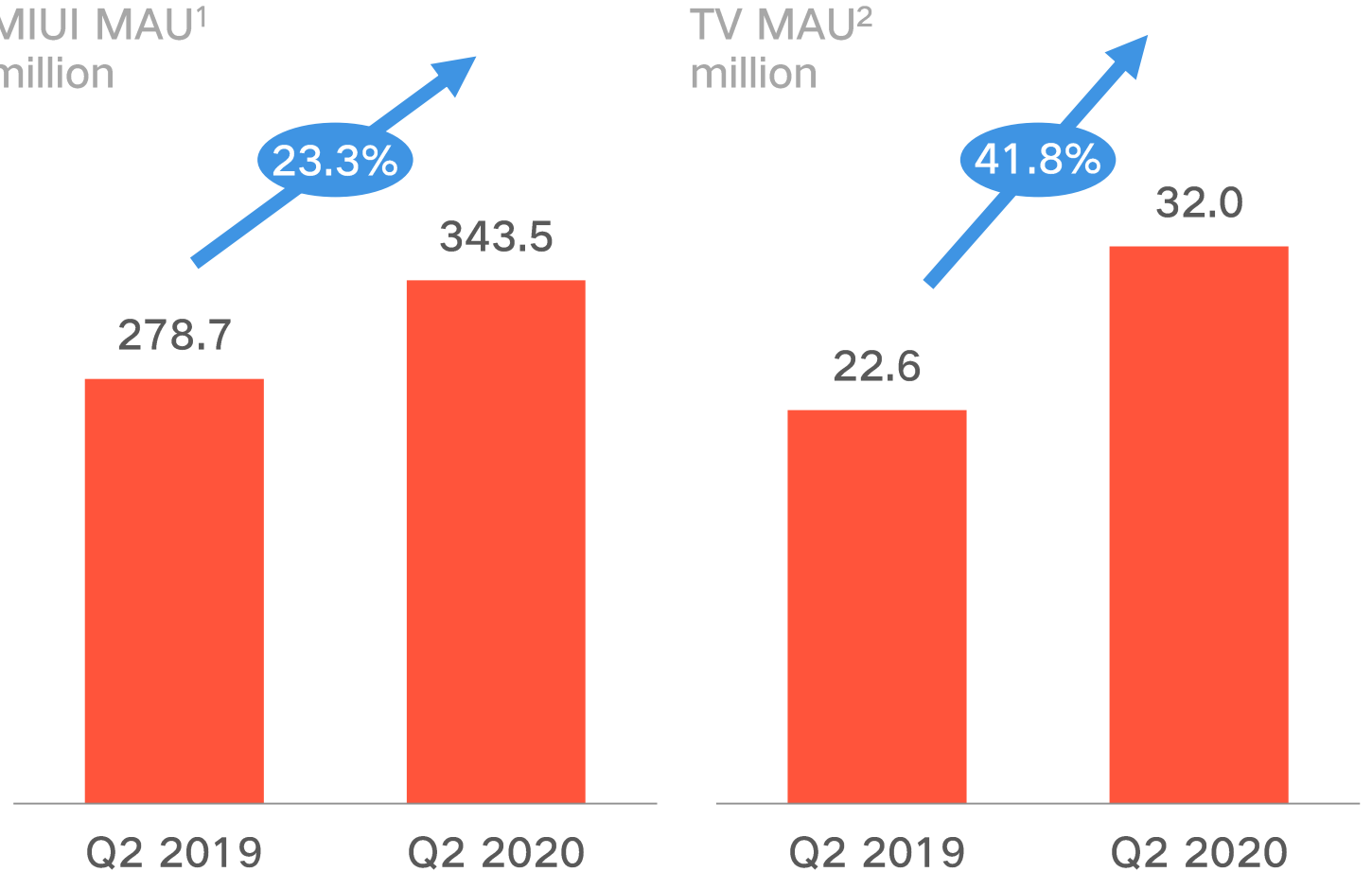
MIUI MAU<sup>1</sup>  
million

TV MAU<sup>2</sup>  
million

Global MIUI MAU<sup>1</sup> reached **343.5 million**, an increase of **23.3%** YoY

Mainland China MIUI MAU<sup>1</sup> in Q2 2020 was **109.7 million**

TV MAU<sup>2</sup> grew **41.8%** YoY to 32.0 million



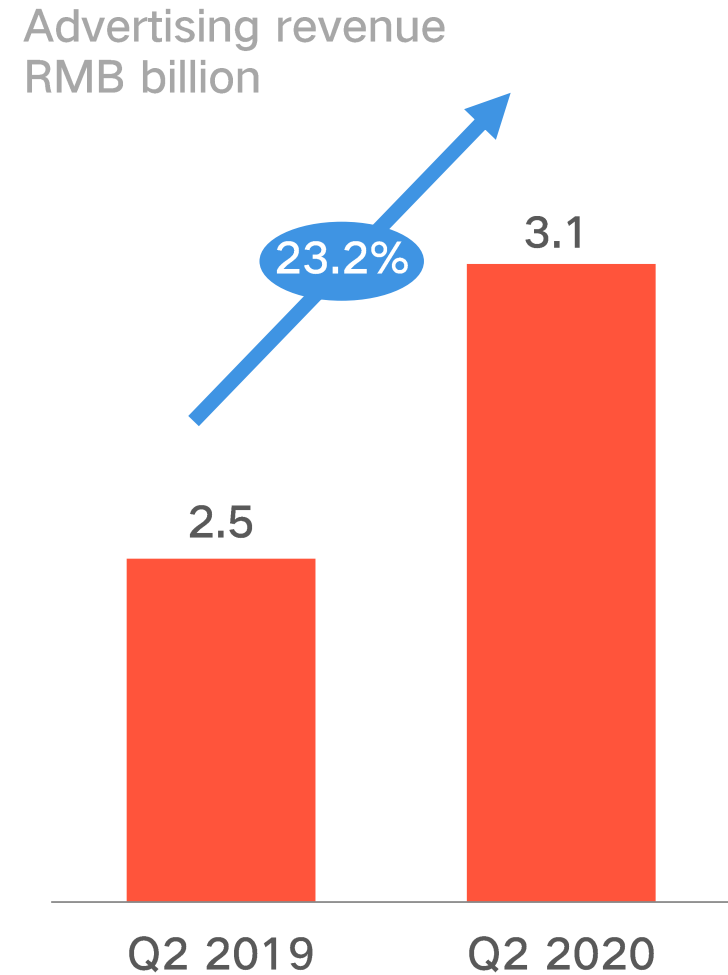
<sup>1</sup> As of June in respective quarters

<sup>2</sup> As of June in respective quarters, including both TV and TV box users

# Solid advertising growth despite the challenging environment

Advertising revenue increased **23.2%** YoY and **15.6%** QoQ in Q2 2020, mainly driven by:

- the rapid growth of overseas internet advertising revenue
- gradual recovery of advertising budget

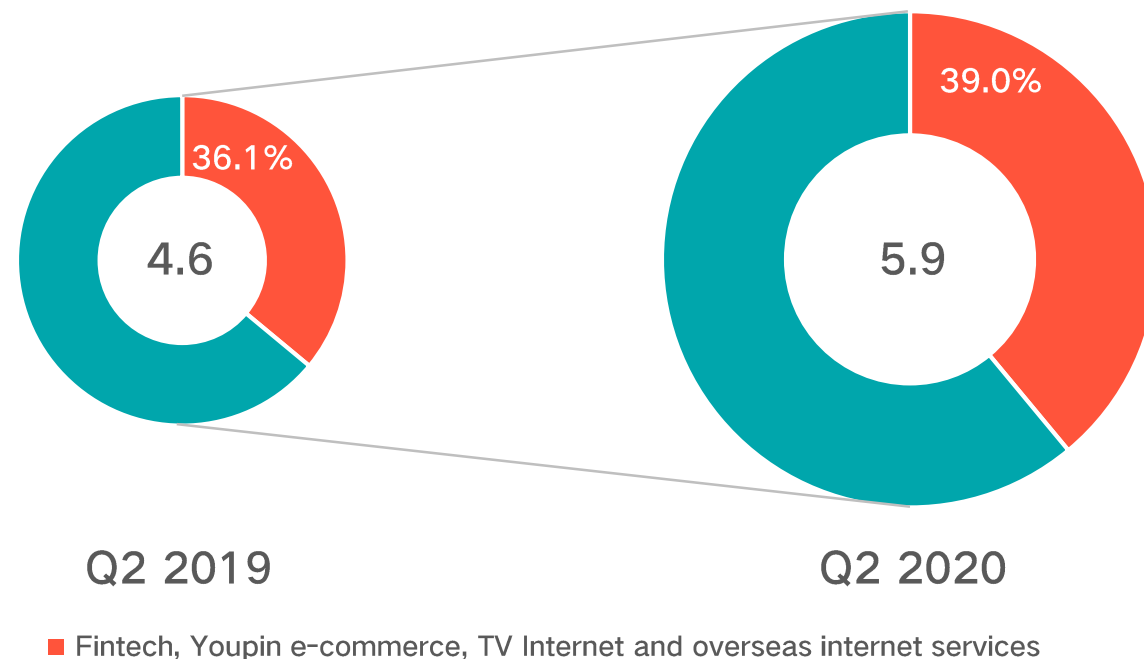




# Increasingly diversified revenue streams driving sustained revenue growth

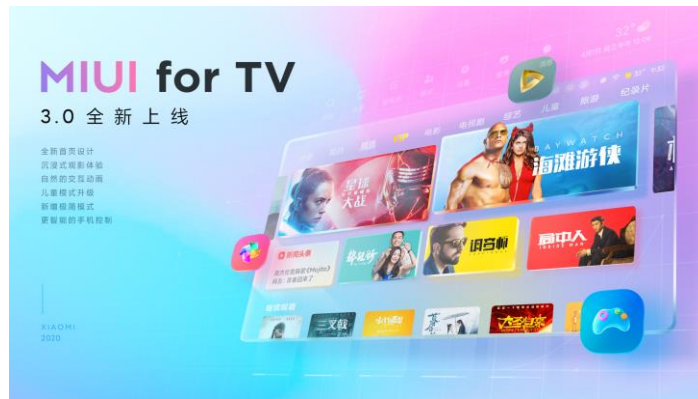
Internet services revenue  
RMB billion

In Q2 2020, **39.0%** of internet services revenue was from internet services outside of advertising and gaming from mainland China smartphones, up **39.5%** YoY



# Continued to expand our TV internet services

## MIUI for TV 3.0



## Diversified TV membership



## Increasing premium brand advertisers

Rolex	Bottega Veneta
Bvlgari	Tiffany&Co
Cartier	Celine
Omega	YSL
Hermes	Porsche

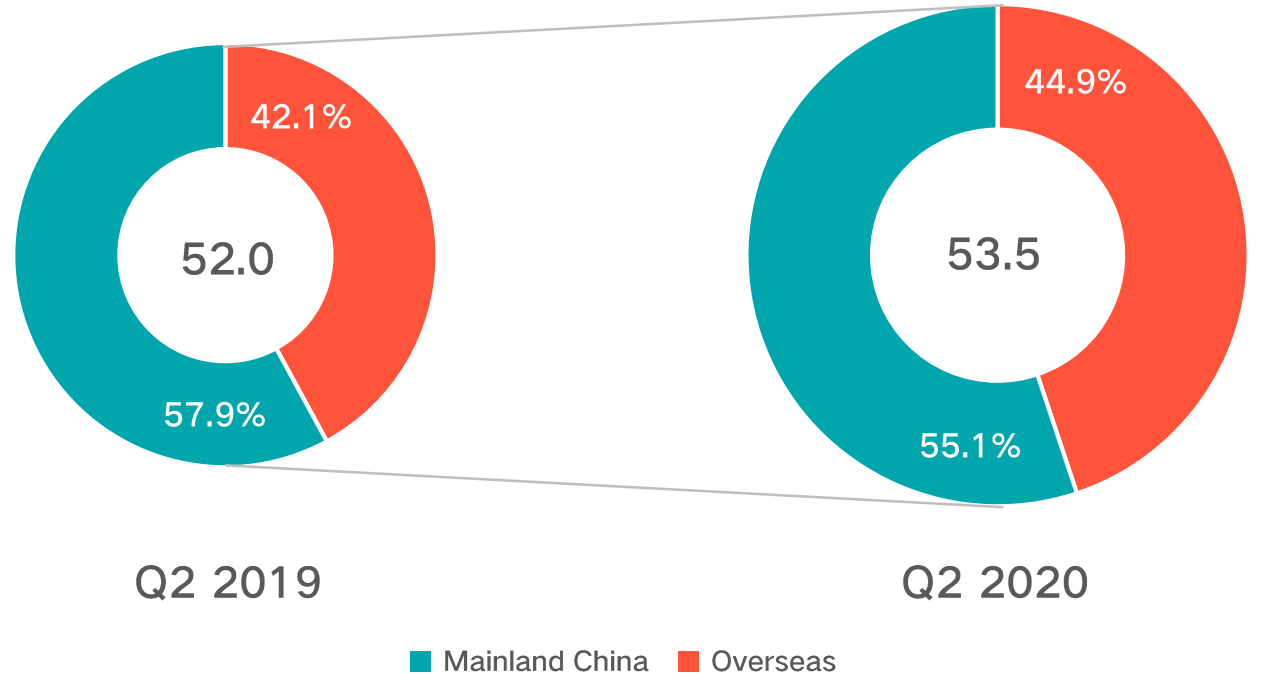
## New TV value added services, such as Karaoke



Overseas

Despite the impact of the pandemic, overseas revenue reached RMB24.0 billion in Q2 2020, up **10.0%** YoY, contributing to **44.9%** of total revenue

Revenue breakdown  
RMB billion



# Smartphone market share ranked top 5 in 50 markets and top 3 in 25 markets

No.1



India



Spain



Ukraine



Poland



Greece



Belarus



Myanmar

No.2



France



Russia



Slovakia



Croatia



Latvia



Nepal

No.3



Austria



Portugal



Sweden



Lithuania



Hungary



Turkey



Qatar



Laos



Cambodia



Israel



Nigeria



Peru

No.4-5



China



Czech Republic



Egypt



Mexico



Brazil



Sri Lanka



Switzerland



Chile



Estonia



Singapore



Malaysia

# Ranked Top 4 in Western Europe with YoY growth of 116% in Q2 2020

Western Europe smartphone market share			
Rank	Vendor	Q2 2020 market share	Shipment YoY growth
#1	Samsung	31.6%	-30.0%
#2	Apple	27.6%	42.4%
#3	Huawei	13.0%	-25.9%
#4	Xiaomi	12.4%	115.9%
Total		100%	-5.1%



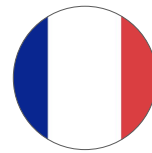
Spain #1

Market share

36.8%

Shipment YoY growth

150.6%



France #2

15.4%

82.1%



Germany #4

8.3%

N.A.



Italy #4

15.8%

107.4%



India's **No.1** smartphone brand

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**No.1** for **12** consecutive quarters:  
Q3 2017 to Q2<sup>1</sup> 2020  
Q2 2020 market share: **30.7%**<sup>2</sup>

<sup>1</sup>Source: IDC

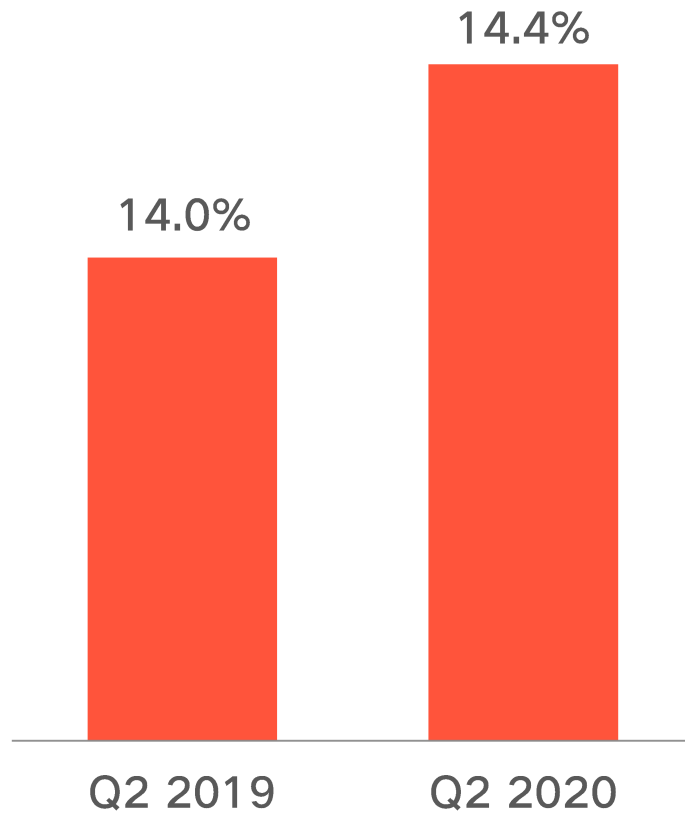
<sup>2</sup>Source: Canalis

# Financials



# Gross margin by segment

Overall gross margin



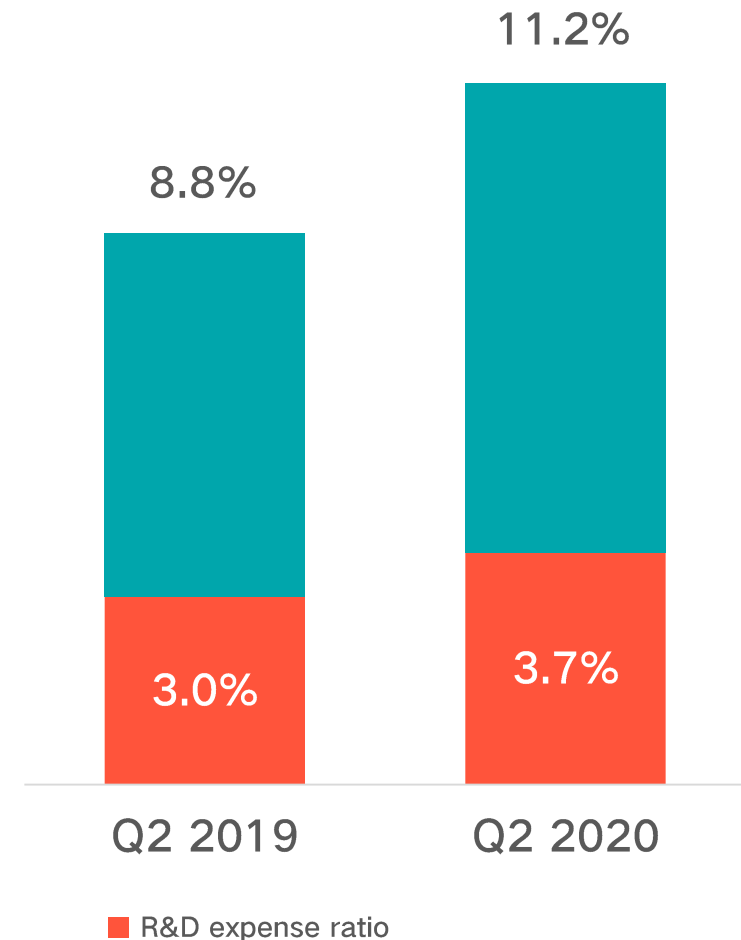
Gross margin by segment in Q2 2020

- Smartphones 7.2%
- IoT and lifestyle products 11.4%
- Internet services 60.3%

Operating expense ratio increased due to 1) continuous investment in R&D and brand building and 2) lower operating leverage due to the pandemic

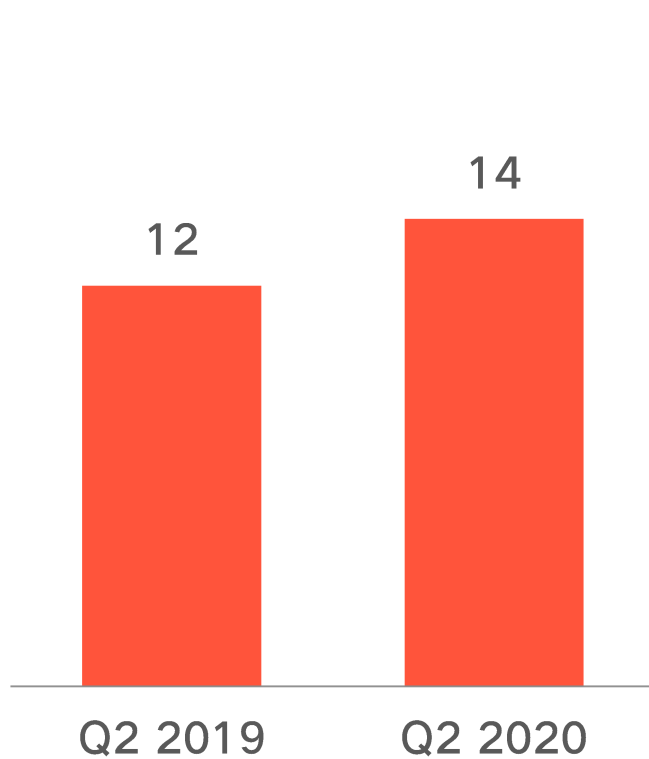
R&D expenses increased **25.8%** YoY in Q2 2020

Operating expense ratio

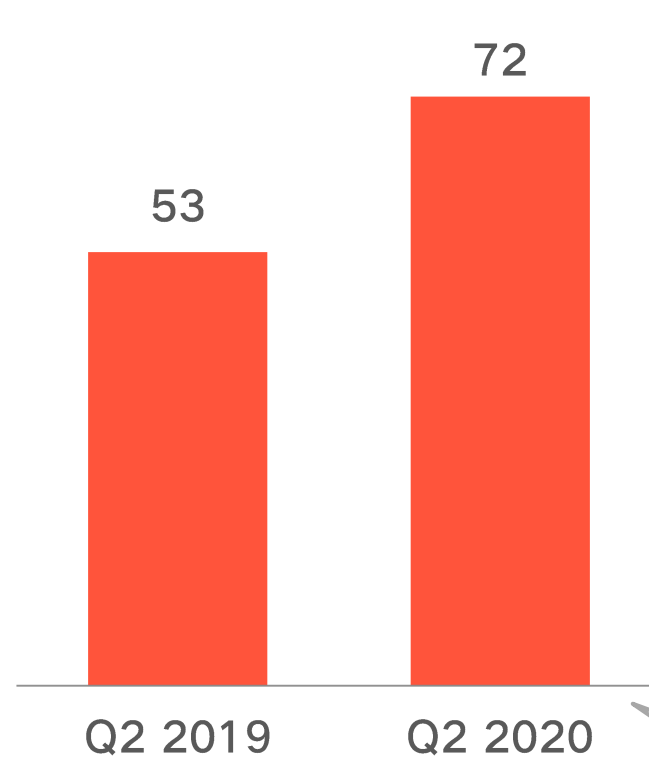


# Efficient working capital management

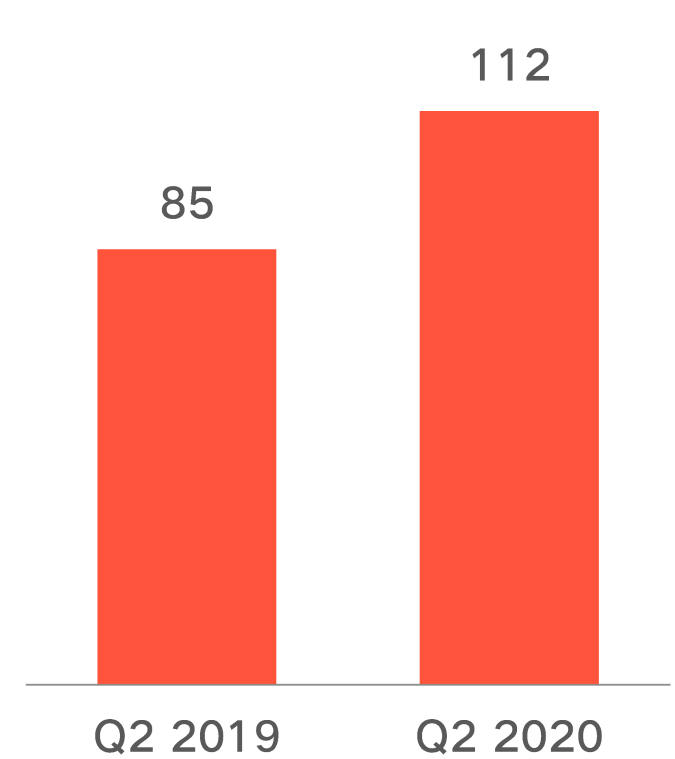
AR turnover days



Inventory turnover days



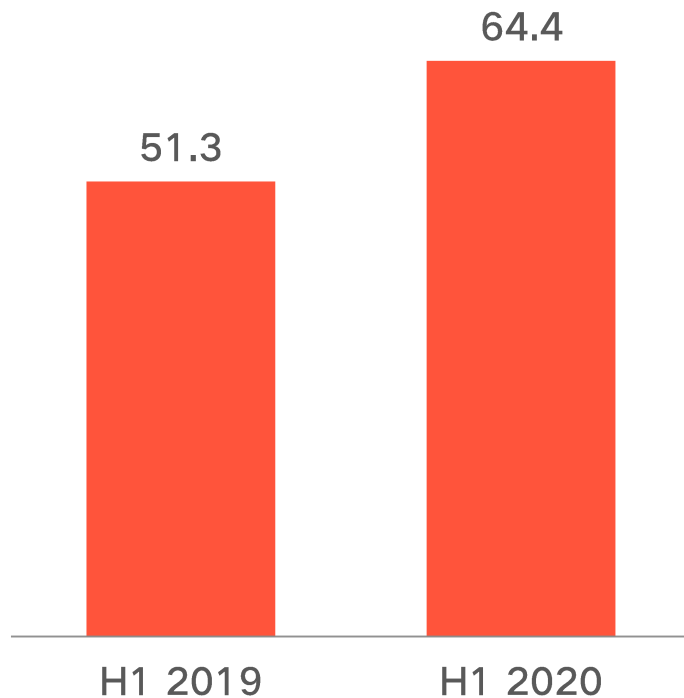
AP turnover days



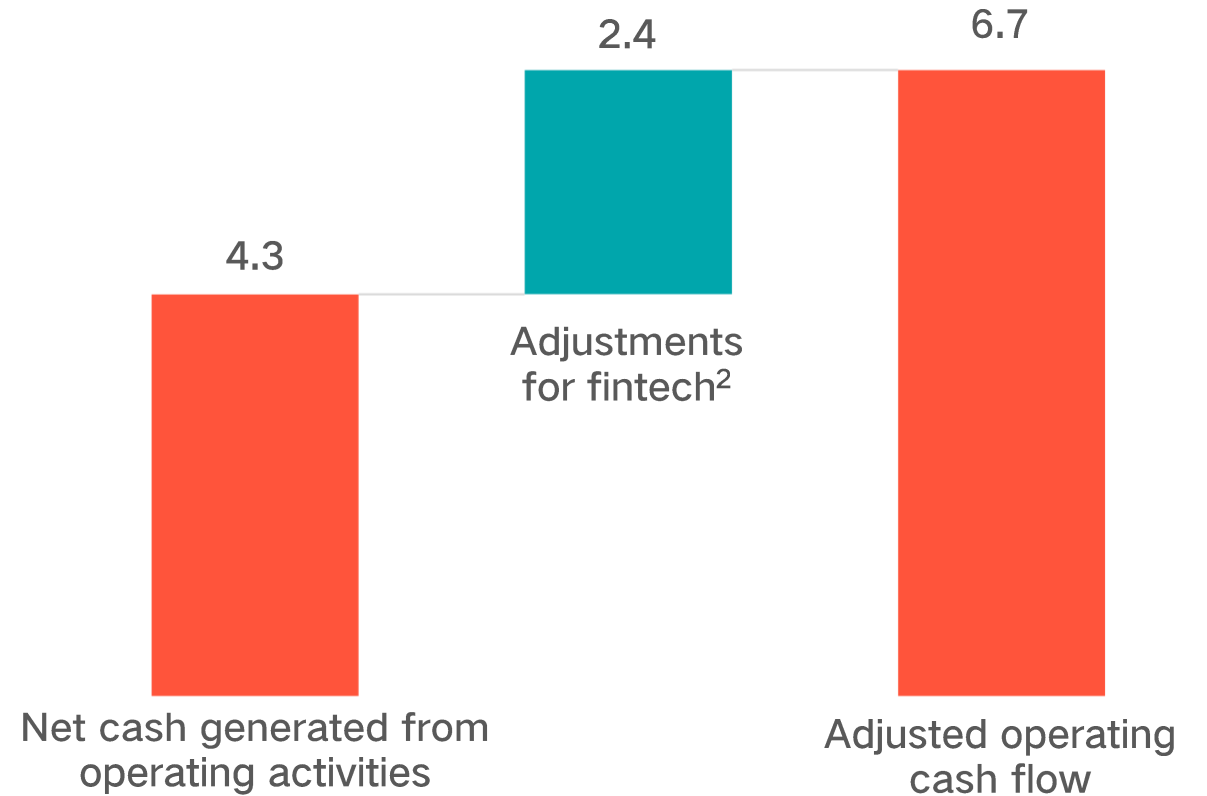
The increase of the inventory turnover days was caused by longer inventory cycle for overseas smartphones and the impact of pandemic

# Adequate cash resources and strong operating cash flow performance

Cash resources<sup>1</sup>  
RMB billion



Q2 2020 adjusted operating cash flow  
RMB billion



<sup>1</sup>Include (i) cash and cash equivalents, (ii) restricted cash, (iii) short-term bank deposits, (iv) short-term investments measured at fair value through profit or loss, and (v) long-term bank deposits

<sup>2</sup>Include (i) the increase in loan and interest receivables and impairment provision for loan receivables mainly resulting from the fintech business, (ii) the increase in trade payables resulting from the finance factoring business, and (iii) the increase in restricted cash resulting from the fintech business

# Three guiding principles of our business

Never cease to explore  
and innovate



Offer products with the best  
price-to-performance ratio



Make the coolest products



