

September Quarter 2016 Results

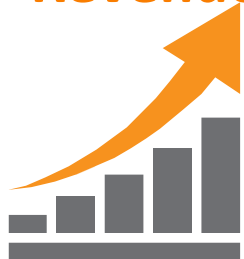


This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,”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

September Quarter 2016 Financial Highlights

Revenue



55% YoY
Total Revenue Growth

41% YoY
Core Commerce
Revenue Growth

Cloud



130% Cloud
Computing YoY
Revenue Growth

Cloud Computing
Segment Adjusted
EBITA Loss Narrowed
to **US\$8MM**⁽²⁾

Mobile



78% Mobile Revenue
as a % of China
Commerce Retail
Revenue

450MM Mobile MAUs ⁽¹⁾

Strong Core Commerce Profitability



US\$2.6Bn Core
Commerce Segment
Adjusted EBITA⁽²⁾

62% Core Commerce
Segment Adjusted
EBITA Margin

Notes: Unless otherwise indicated, all figures above are for the three months ended September 30, 2016.

(1) For the month ended Sep 30, 2016; 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.

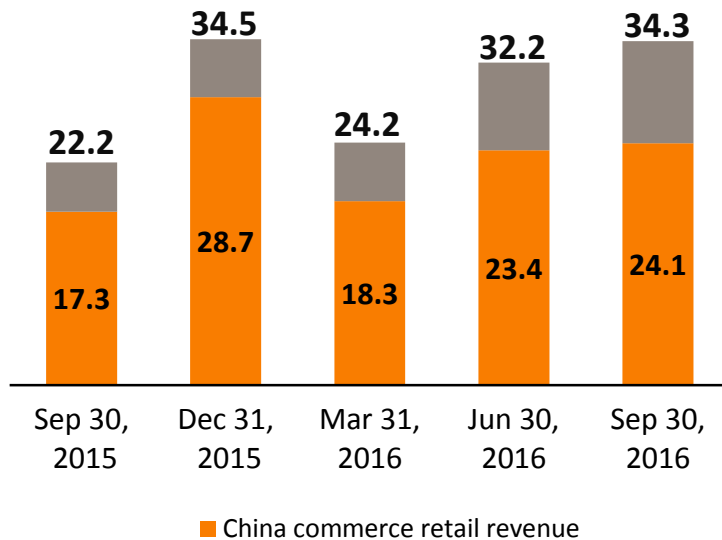
(2) All translations of RMB into US\$ were made at RMB6.6685 to US\$1.00.

Quarterly Revenue

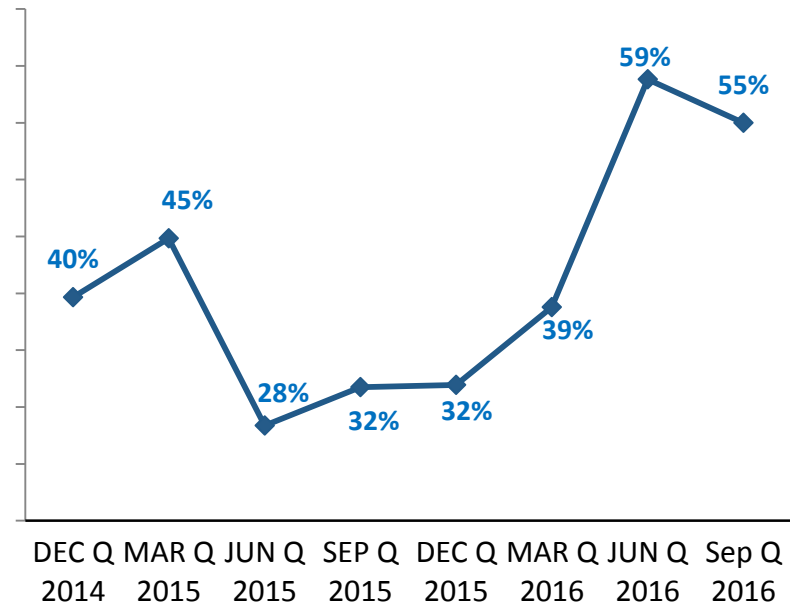
- Total revenue YoY growth of 55% was driven by (i) continued accelerated growth of our Core Commerce segment, (ii) adding Youku to our Digital Media and Entertainment segment, (iii) robust growth of Cloud Computing, (iv) strong monetization of UCWeb users.

Total Revenue

(RMB Bn)



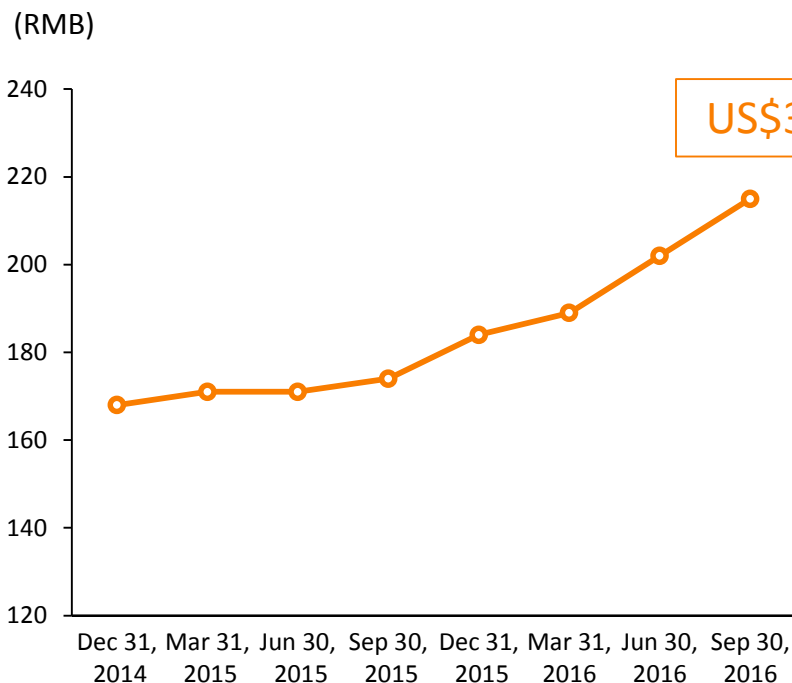
Total Revenue YoY Growth (%)



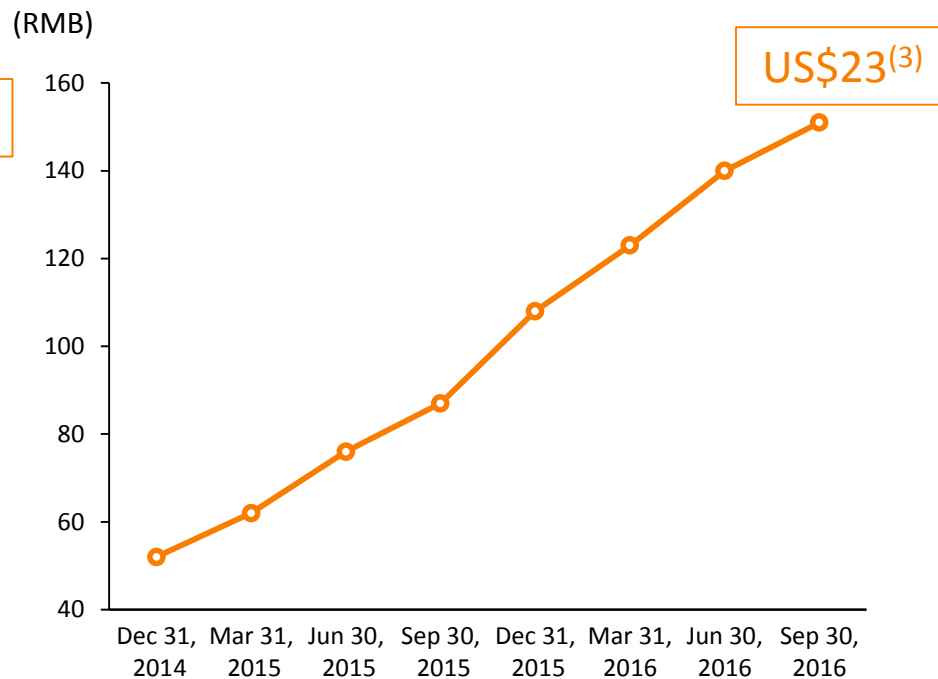
Note: For the three months ended on the respective dates.

Continued Upward Trend in Monetizing User Base

Annual China Retail Revenue / Annual Active Buyer ⁽¹⁾



Annual China Retail Mobile Revenue / Mobile MAU ⁽²⁾

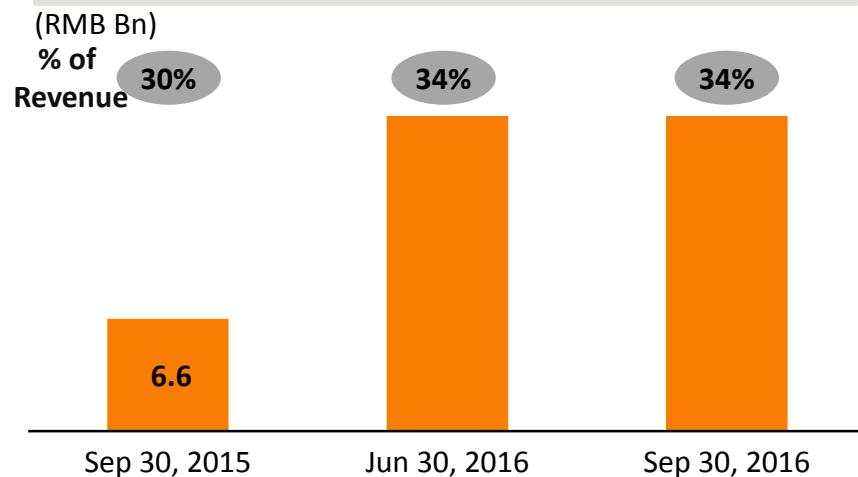


Notes:

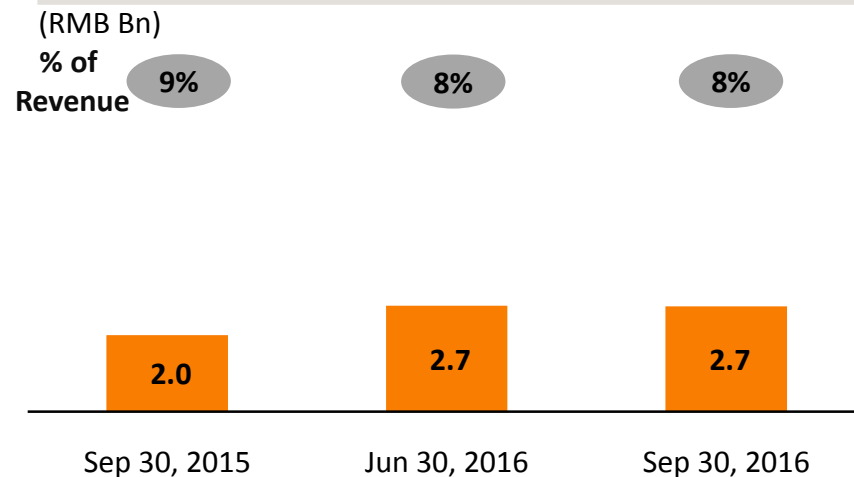
- (1) China commerce retail revenue per active buyer for each of the above periods is derived from the China commerce retail revenue for the last 12-month period, divided by the annual active buyers for the same 12-month period.
- (2) Annual mobile revenue per mobile MAU from China commerce retail is 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.
- (3) All translations of RMB into US\$ were made at RMB6.6685 to US\$1.00.

Quarterly Cost Trends

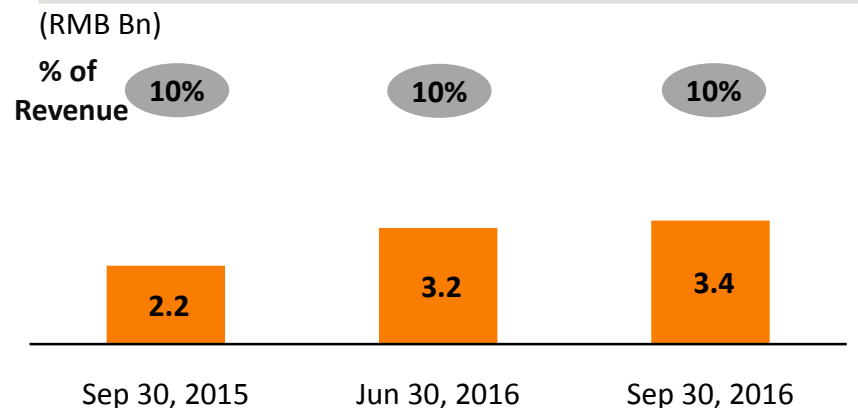
Cost of Revenue (Excluding SBC)



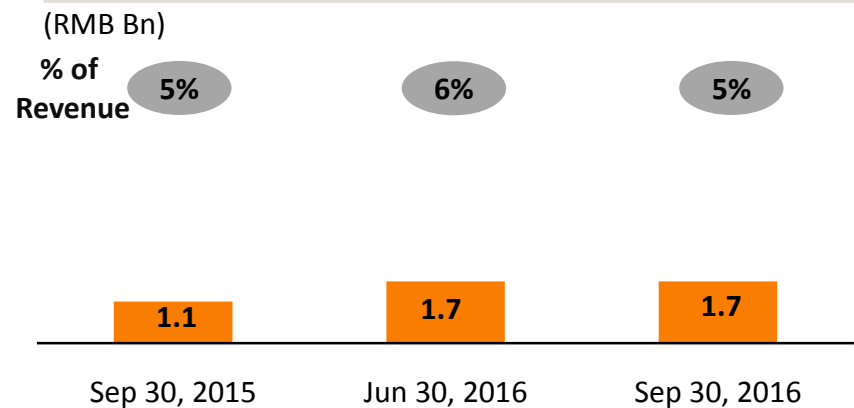
Product Development Expenses (Excluding SBC)



Sales & Marketing Expenses (Excluding SBC)



General & Administrative Expenses (Excluding SBC)



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

Share of Results of Equity Investees

- The decrease in share of losses of equity investees during the quarter ended September 30, 2016 compared to the previous quarter was primarily due to an accounting loss related to dilution of our ownership interest in Weibo in the previous quarter and a decrease in losses of Koubei and other investees in the quarter ended September 30, 2016.
- Koubei recognized a non-recurring income of RMB523 million during the quarter, without which our share of Koubei's loss would have been RMB262 million (US\$39 million).

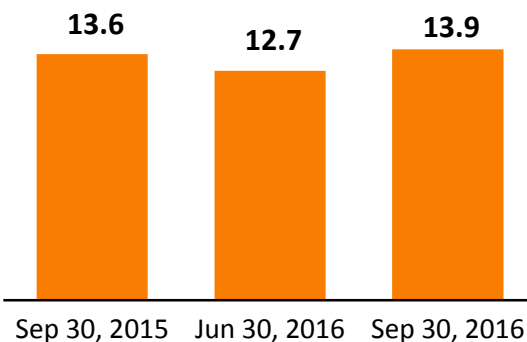
In RMB MM unless otherwise stated	Sep Q 2015	Jun Q 2016	Sep Q 2016
Share of results of equity investees:			
- Koubei	–	(245)	(3)
- Youku Tudou	(63)	–	–
- Cainiao Network	(56)	(227)	(220)
- Other equity investees	217	(264)	(160)
Dilution gains (losses)	3	(239)	46
Others⁽¹⁾	(217)	(493)	(230)
TOTAL	(116)	(1,468)	(567)

Note:
 1. Others mainly include amortization of intangible assets of equity investees, share-based compensation expenses and impairment charges.

Free Cash Flow, Capital Expenditures and Cash

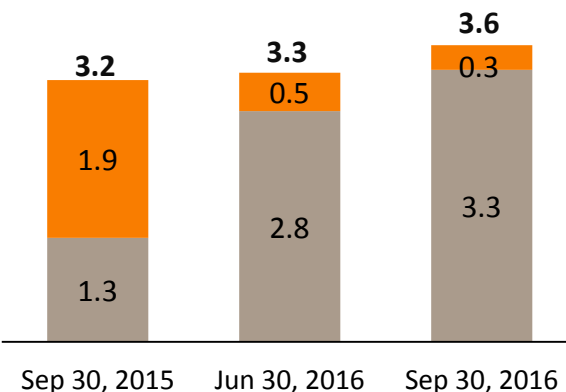
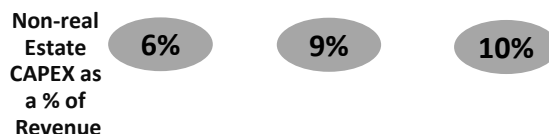
Free Cash Flow ⁽¹⁾

(RMB Bn)



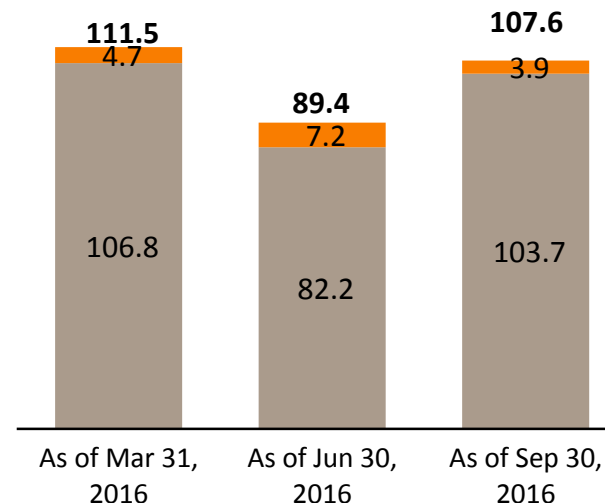
Capital Expenditures and Intangible Assets

(RMB Bn)



Cash, Cash Equivalents and Short-term Investments

(RMB Bn)










- Free Cash Flow
- Acquisitions of Land Use Rights and Construction in Progress
- Non-real Estate CAPEX and Intangible Assets
- Short-term Investments
- Cash and Cash Equivalents

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

(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 and others.

Segment Reporting

	Core Commerce	Cloud Computing	Digital Media Entertainment	Innovation Initiatives & Others	Un-allocated ⁽²⁾	Consolidated
	<p><i>China Commerce Retail</i></p>  <p><i>China Commerce Wholesale</i></p>  <p><i>International Commerce Retail</i></p>  <p><i>International Commerce Wholesale</i></p> 					
Revenue (MM)	RMB 28,493 USD 4,273	RMB 1,493 USD 224	RMB 3,608 USD 541	RMB 698 USD 104	-	RMB 34,292 USD 5,142
Adjusted EBITA (MM)	RMB 17,599 USD 2,639	RMB (57) USD (8)	RMB (1,404) USD (211)	RMB (771) USD (116)	RMB (774) USD (116)	RMB 14,593 USD 2,188
Adjusted EBITA Margin (%)	62%	(4%)	(39%)	(110%)		43%

Notes:

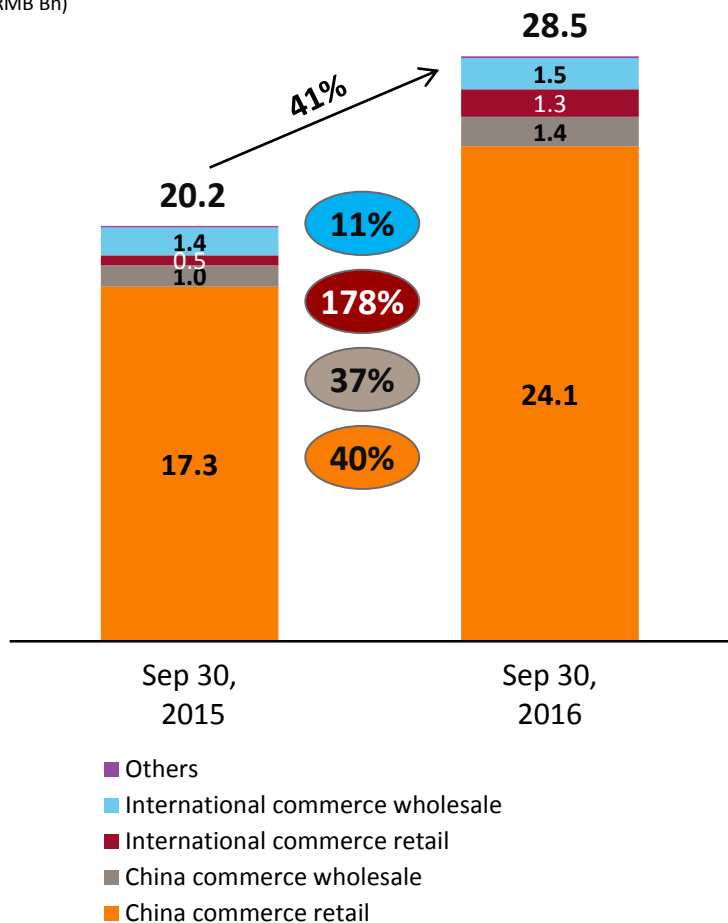
1. Segmental information is presented after elimination of inter-company transactions.
2. Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.
3. All translations of RMB into US\$ were made at RMB6.6685 to US\$1.00.

Segment Reporting – Core Commerce

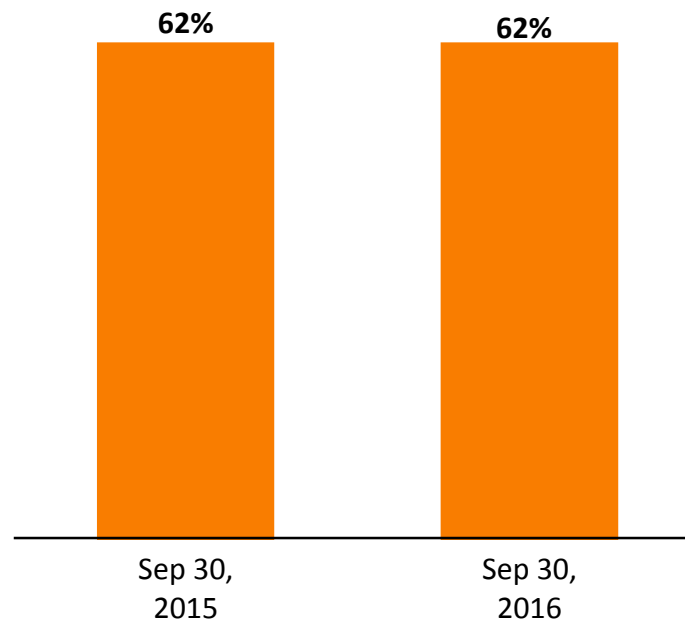
- Core commerce segment revenue increased YoY due to strong momentum of China commerce retail revenue growth, mainly driven by robust growth of online marketing service revenue and consolidation of Lazada.
- Although we continue to gain operating leverage from our core businesses, we will continue investing in our newly developed (e.g. Tmall Supermarket) and acquired businesses (e.g. Lazada).

Segment Revenue

(RMB Bn)



Segment Adjusted EBITA Margin

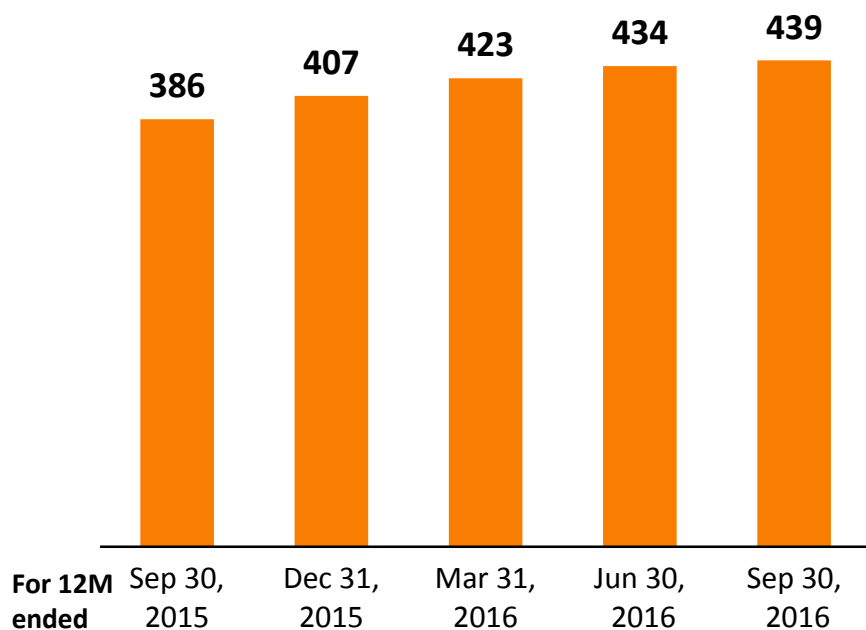


Note: For the three months ended on the respective dates.

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

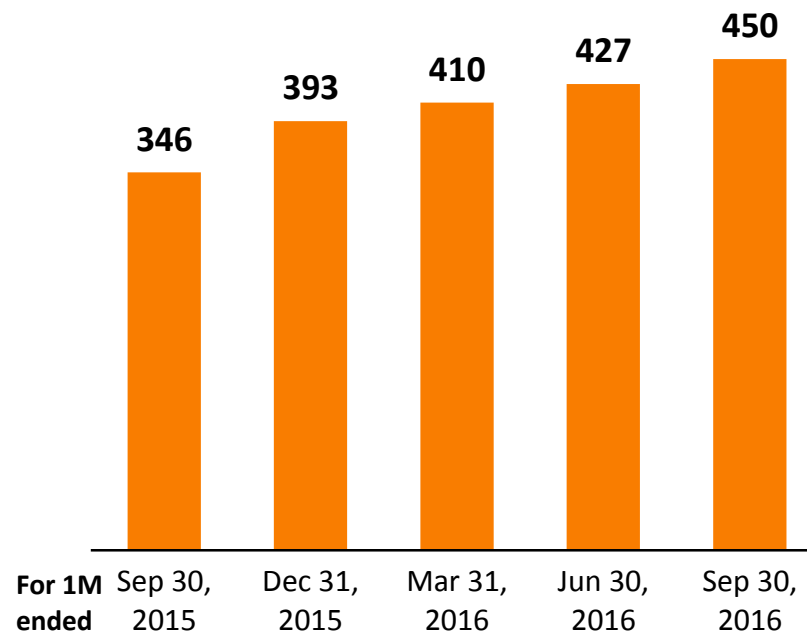
Annual Active Buyers

(In Millions)



Mobile MAUs

(In Millions)

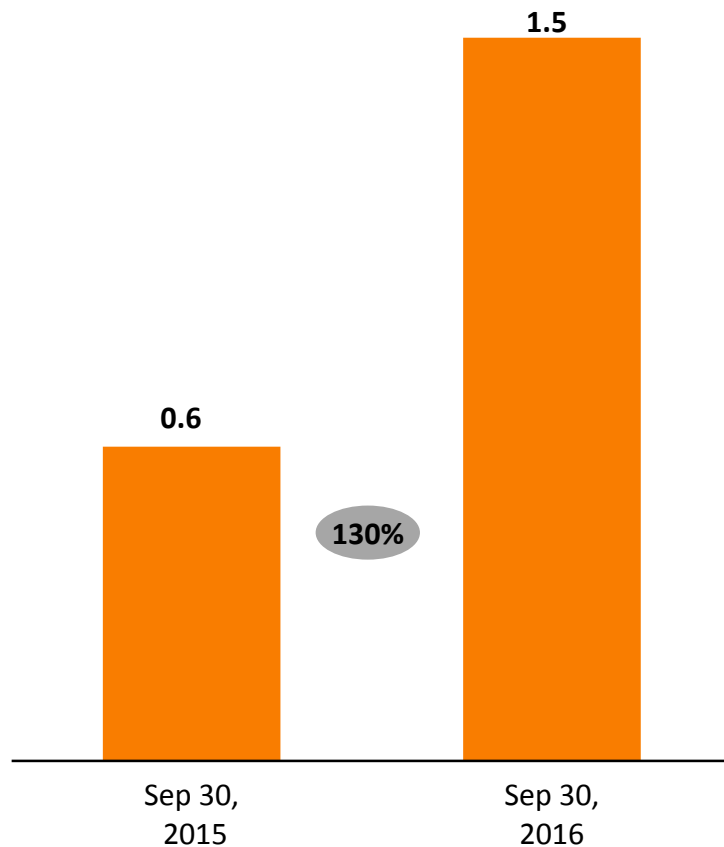


Segment Reporting – Cloud Computing

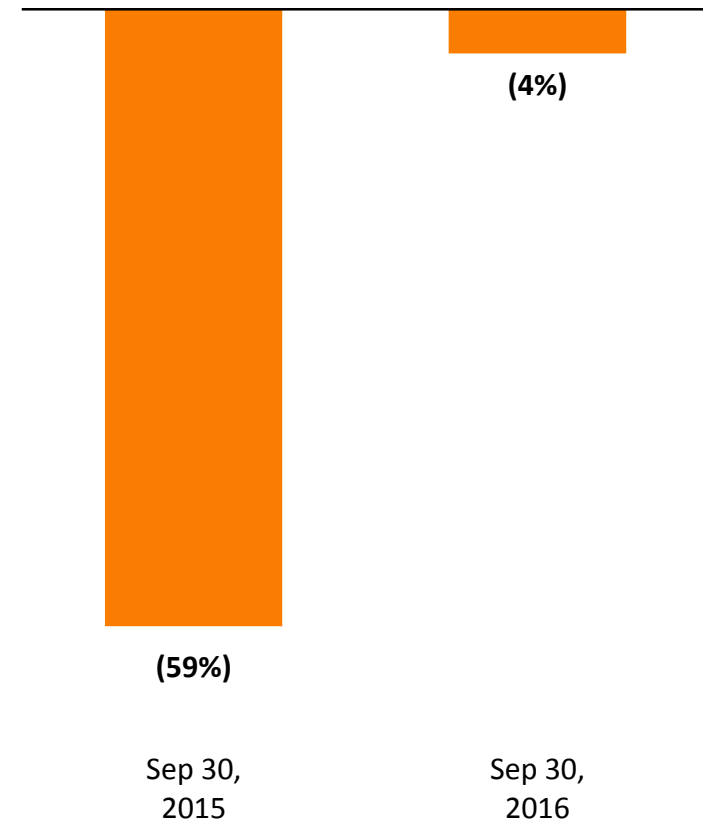
- Cloud computing paying customers increased 108% YoY to 651k.
- Segment adjusted EBITA margin significantly improved YoY due to robust revenue growth and economies of scale.

Segment Revenue

(RMB Bn)



Segment Adjusted EBITA Margin



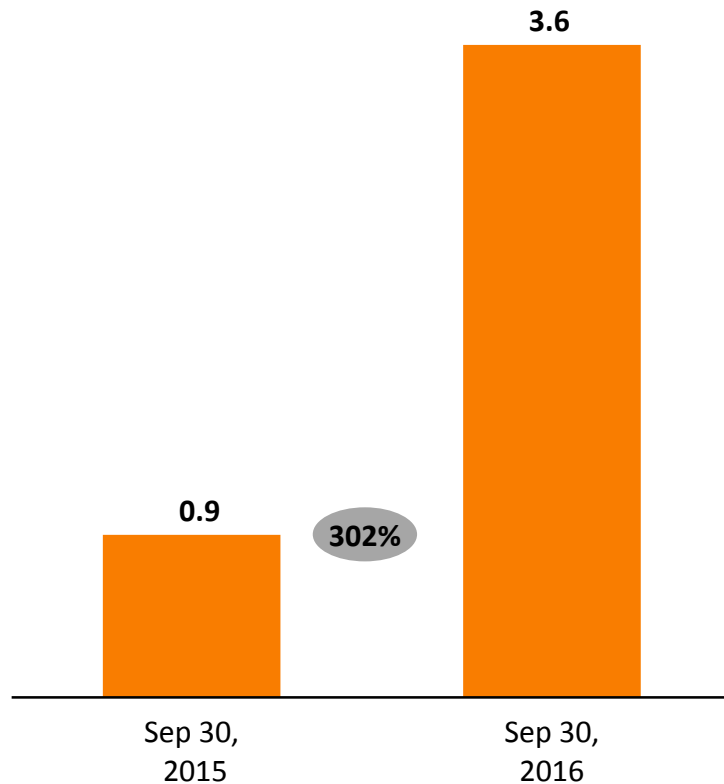
Note: For the three months ended on the respective dates.

Segment Reporting – Digital Media & Entertainment

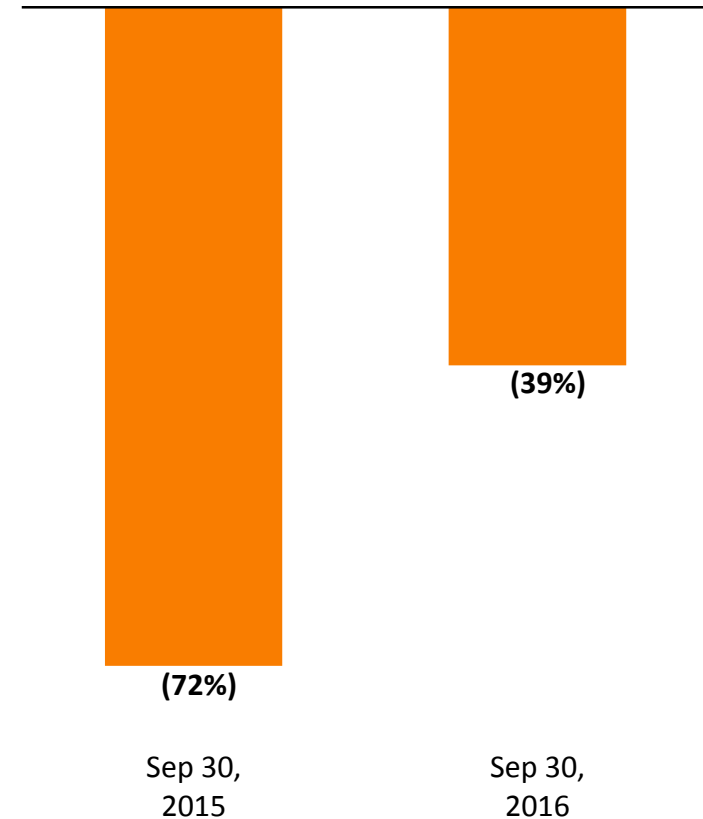
- UCWeb’s monetization has progressed well especially through its search and news feed.
- Segment revenue grew 302% YoY primarily due to consolidation of Youku.

Segment Revenue

(RMB Bn)



Segment Adjusted EBITA Margin



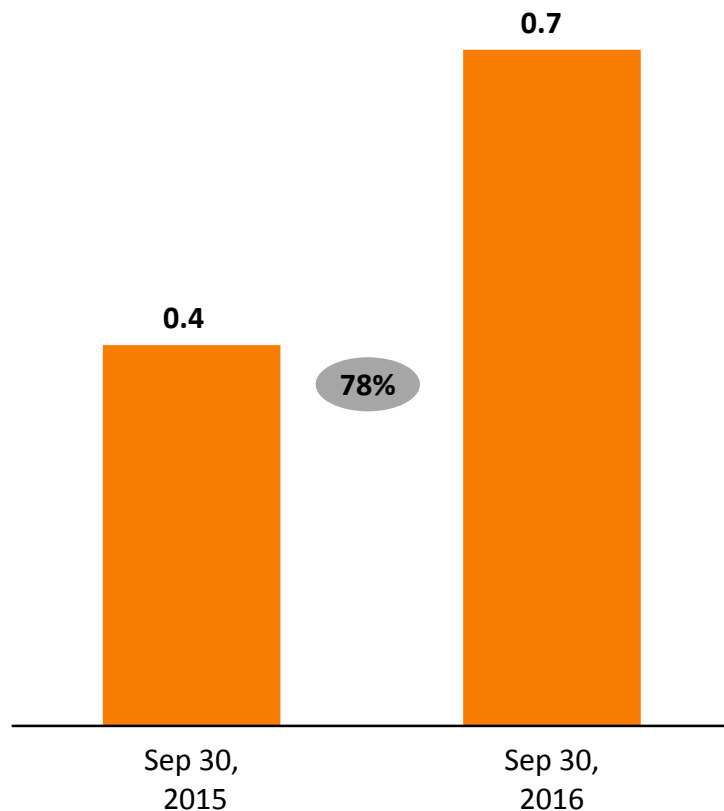
Note: For the three months ended on the respective dates.

Segment Reporting – Innovation Initiatives & Others

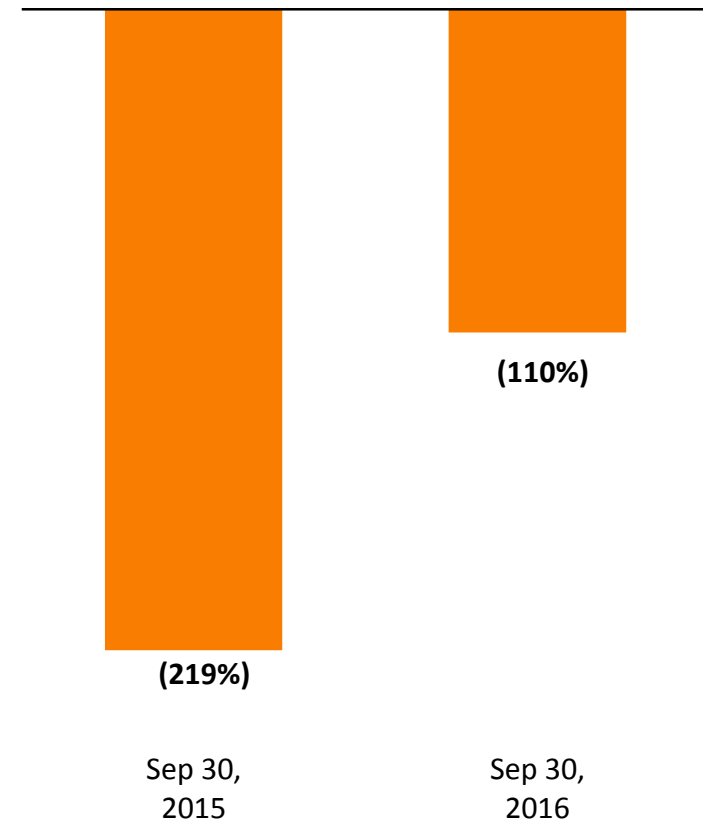
- The innovation initiatives and others segment includes businesses such as the YunOS operating system for mobile devices, cars and Internet of Things, AutoNavi, DingTalk enterprise messaging and others.
- These businesses represent our strategic investments into future growth and are in the initial investment phase.

Segment Revenue

(RMB Bn)



Segment Adjusted EBITA Margin



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

The Valuation of Our Company



BABA Valuation

Notes:

1. For six months ended Sep 30, 2016. Translations of RMB into US\$ were made at RMB6.6685 to US\$1.00.
2. Based on Sep 30, 2016 closing market price.
3. Based on reported valuation of US\$60 billion in media. Alibaba Group currently receives 37.5% of Ant Financial's adjusted pre-tax income, and if regulations allow, Alibaba Group is entitled to acquire up to a 33% equity interests in Ant Financial. For the purpose of this presentation, 33% is used in calculating Alibaba Group's economics in Ant Financial here.

4. Based on valuation implied by recent equity financing.
5. Based on the amount of capital invested by Alibaba Group.
6. Based on valuation implied by recent equity financing (if applicable), or carrying value as of Sep 30, 2016.
7. Estimate based on information as of Sep 30, 2016.

GAAP to Adjusted/Non-GAAP Measures Reconciliation

	For the Three Months Ended		
	Sep 30, 2015	Sep 30, 2016	
	(RMB MM)	(RMB MM)	(US\$MM)
Adjusted EBITDA			
Income from operations	6,395	9,045	1,356
Add: Share-based compensation expense	3,164	4,251	637
Add: Depreciation and amortization of property and equipment and land use rights	859	1,282	193
Add: Amortization of intangible assets	728	1,297	195
Adjusted EBITDA	11,146	15,875	2,381
<i>Adjusted EBITDA margin</i>	<i>50%</i>	<i>46%</i>	
Non-GAAP net income			
Net income	22,703	7,075	1,061
Add: Share-based compensation expense	3,164	4,251	637
Add: Amortization of intangible assets	728	1,297	195
Add: Impairment of goodwill and investments	645	856	128
Less: Gain on deemed disposals/disposals/ revaluation of investments and others	(18,054)	(527)	(79)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	66	66	10
Less: Tax effects on non-GAAP adjustments	(51)	(69)	(10)
Non-GAAP net income	9,201	12,949	1,942
Free cash flow			
Net cash provided by operating activities	15,124	17,206	2,580
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(1,260)	(3,348)	(502)
Add: Changes in loan receivables, net and others	(240)	85	13
Free cash flow	13,624	13,943	2,091



Alibaba Group

阿里巴巴集团

