

March Quarter 2017 Results

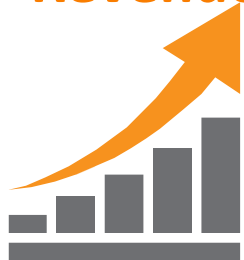


This presentation contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,”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

March Quarter 2017 Financial Highlights

Revenue



60% YoY
Total Revenue Growth

47% YoY
Core Commerce
Revenue Growth

Cloud



103% Cloud
Computing YoY
Revenue Growth

Cloud Computing
Segment Adjusted
EBITA Margin **(8%)**

Mobile



85% Mobile Revenue
as % of China
Commerce Retail
Revenue

507 MM Mobile MAUs ⁽¹⁾

Strong Profitability and Cash Flow



59% Core Commerce
Segment Adjusted
EBITA Margin

US\$1.2 Bn⁽²⁾
Non-GAAP Free Cash Flow

Notes: Unless otherwise indicated, all figures above are for the three months ended March 31, 2017.

(1) For the month ended March 31, 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) All translations of RMB into US\$ were made at RMB6.8832 to US\$1.00.

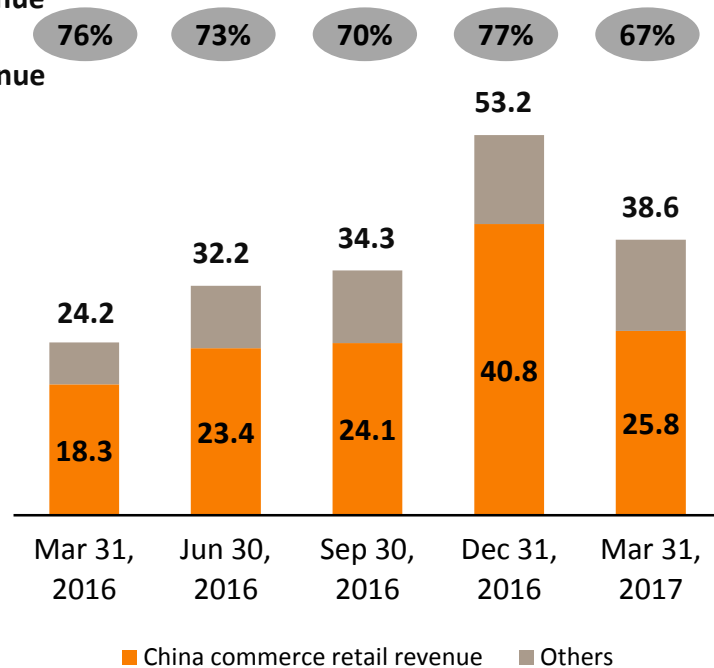
Quarterly Revenue

- Total revenue YoY growth of 60% was mainly driven by the robust revenue growth across all our segments, in particular our China commerce retail revenue growth.
- Our revenue is more diversified. Revenue from China commerce retail business represents 67% of total revenue, down from 76% in the same quarter of 2016.

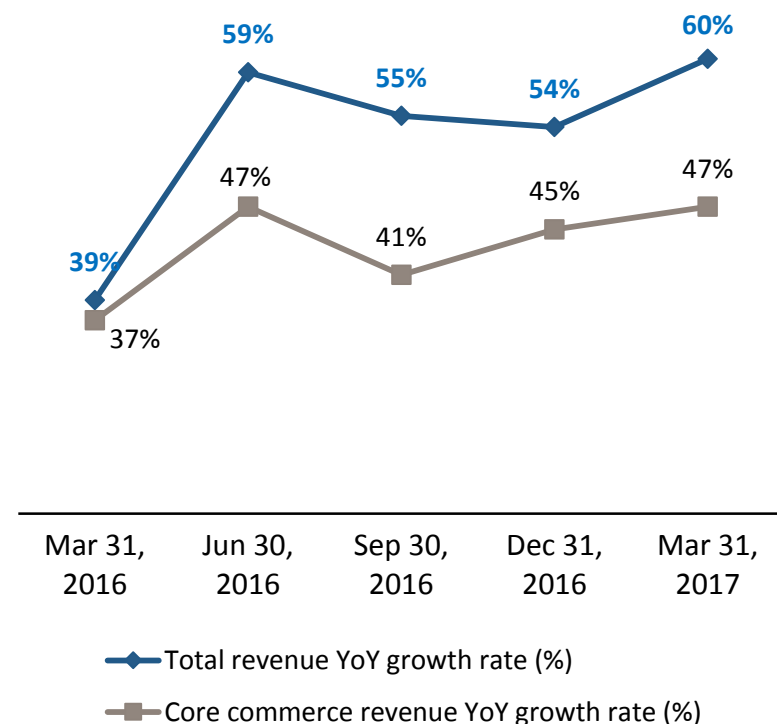
Total Revenue

(RMB Bn)

China commerce
retail revenue
% of
Total Revenue



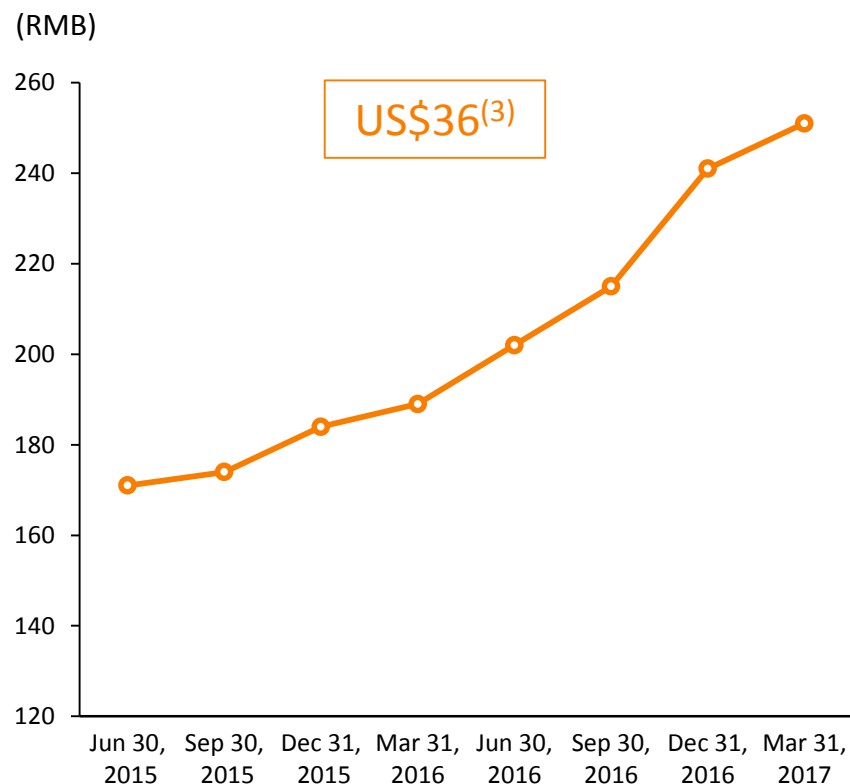
Total Revenue YoY Growth (%)



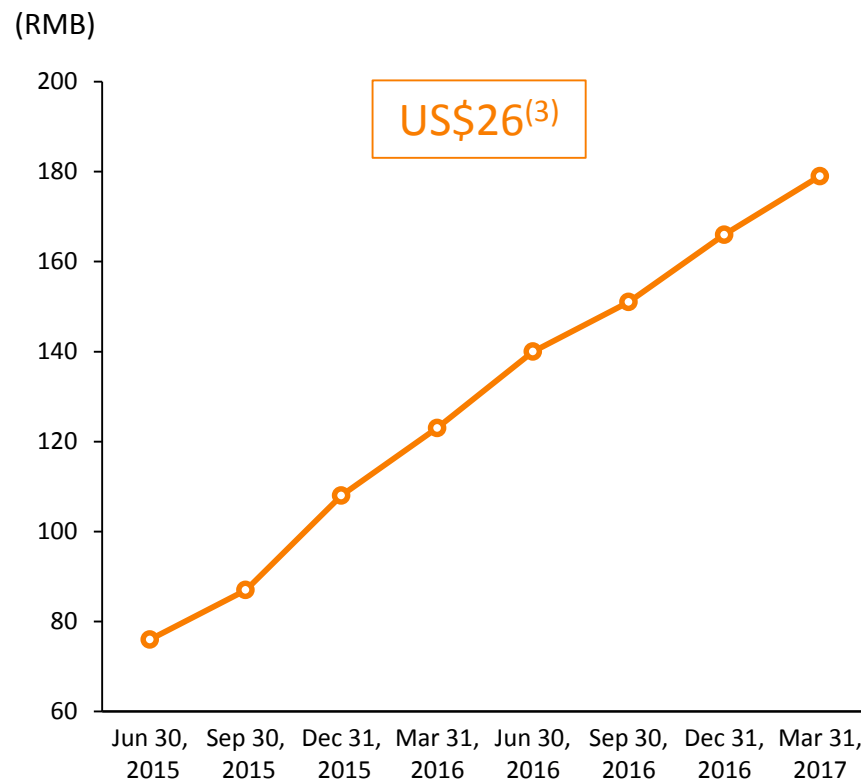
Note: For the three months ended on the respective dates.

Continued Upward Trend in Monetizing User Base

Annual China Retail Revenue / Annual Active Buyer ⁽¹⁾



Annual China Retail Mobile Revenue / Mobile MAU ⁽²⁾



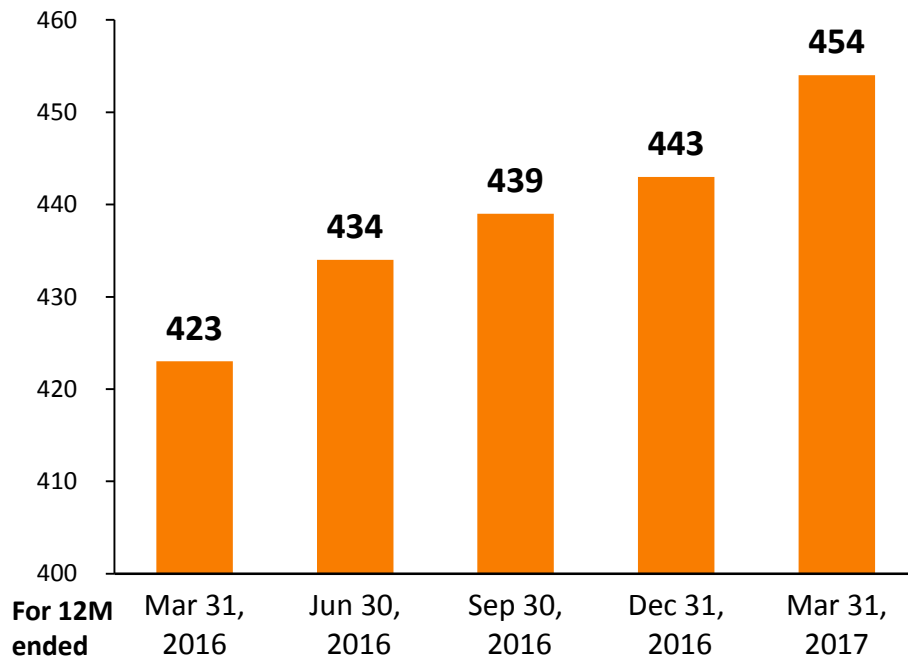
Notes:

- (1) China commerce retail revenue per active buyer for each of the above periods is calculated by dividing the China commerce retail revenue for the last 12-month period 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 for the last month of the same period.
- (3) All translations of RMB into US\$ were made at RMB6.8832 to US\$1.00.

User Growth - Active Buyers & Mobile MAUs

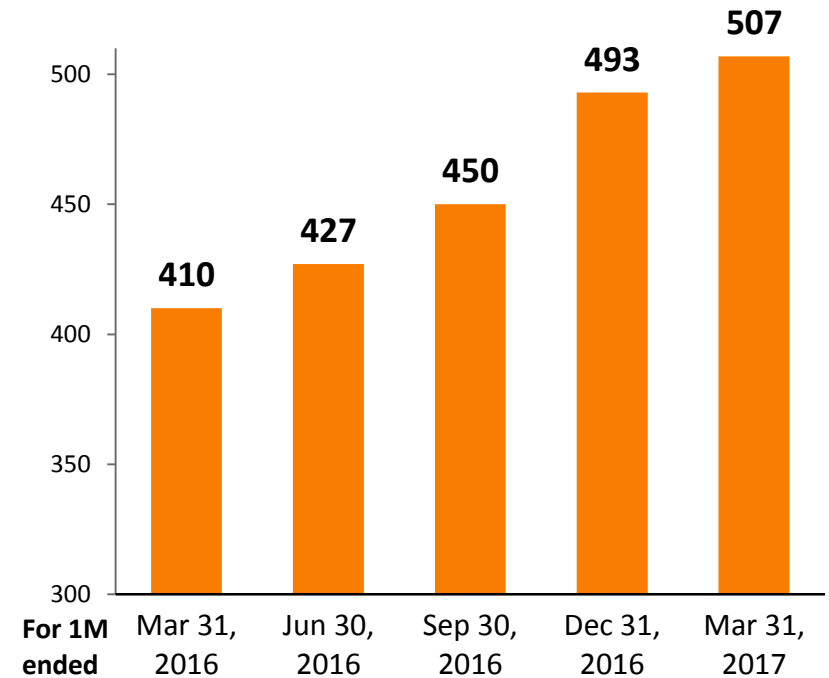
Annual Active Buyers

(in millions)



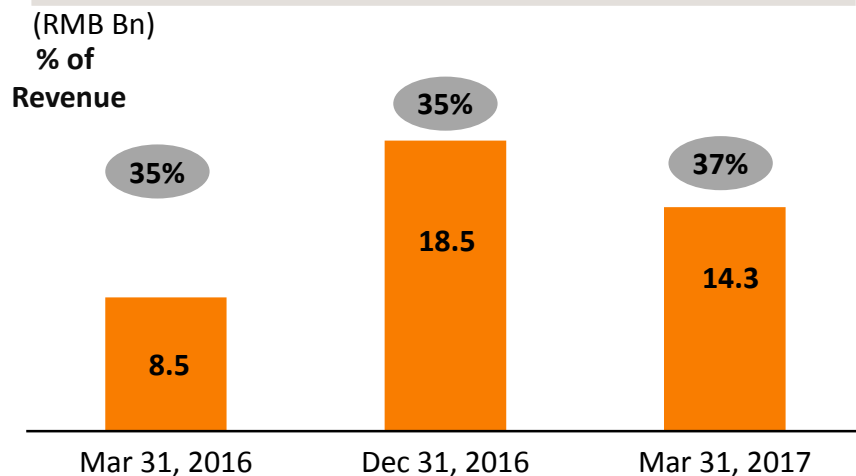
Mobile MAUs

(in millions)

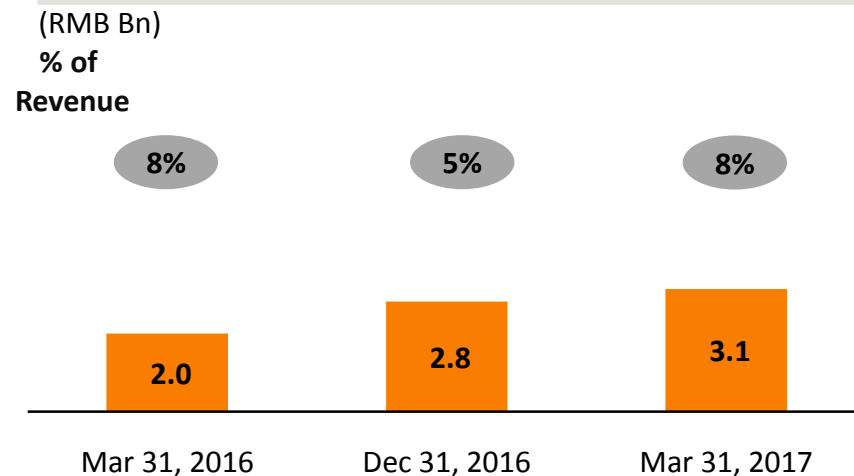


Quarterly Cost Trends

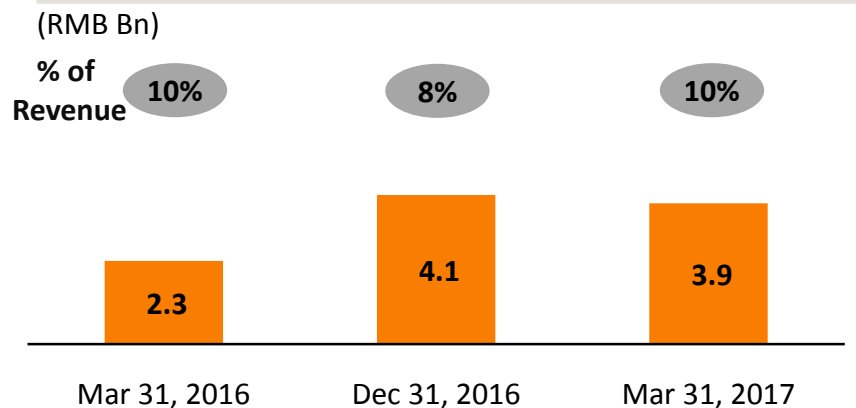
Cost of Revenue (Excluding SBC)



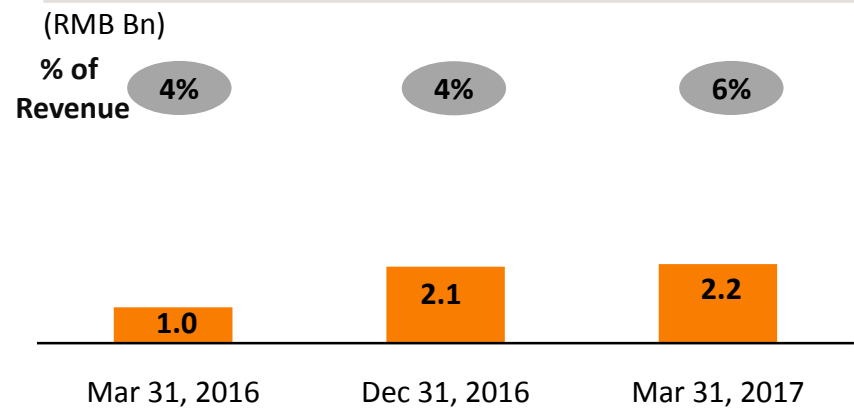
Product Development Expenses (Excluding SBC)



Sales & Marketing Expenses (Excluding SBC)



General & Administrative Expenses (Excluding SBC)



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

Free Cash Flow, Capital Expenditures and Cash

Non-GAAP Free Cash Flow ⁽¹⁾

(RMB Bn)

Capital Expenditures and Intangible Assets

(RMB Bn)

Non-real Estate CAPEX as a % of Revenue

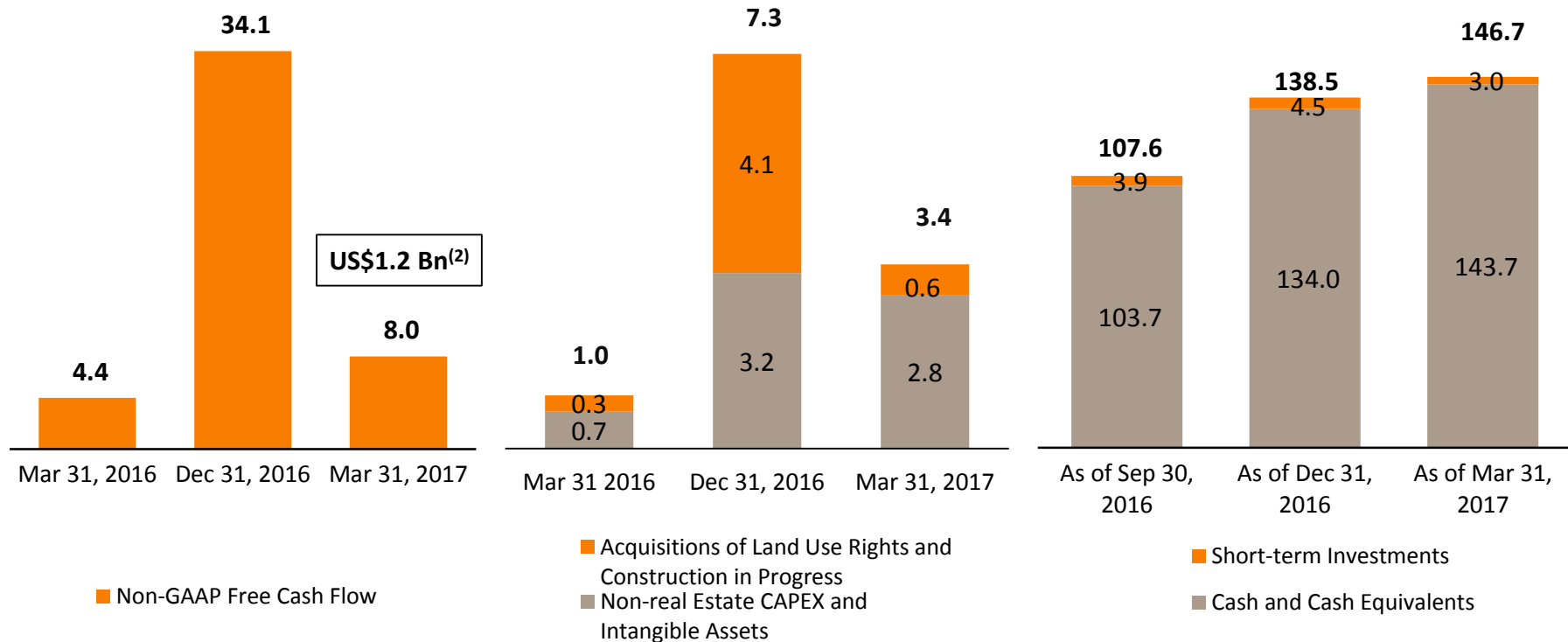
3%

6%

7%

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 adjusted for changes in loan receivables relating to the SME loan business and others.

(2) All translations of RMB into US\$ were made at RMB 6.8832 to US\$1.00.

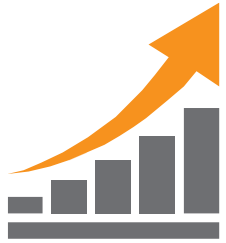
March Quarter Segment Reporting

	Core Commerce <i>China Commerce Retail</i>  淘宝网® 天猫 Tmall.com™  聚划算 农村淘宝  阿里妈妈™ Tmall Global <i>China Commerce Wholesale</i>  阿里巴巴 <i>International Commerce Retail</i>  AliExpress  LAZADA <i>International Commerce Wholesale</i>  Alibaba.com™ <small>Global trade starts here.™</small>	Cloud Computing  阿里云 aliyun.com	Digital Media Entertainment  UC Web  youku 优酷  土豆网  阿里体育 Alisports.com  阿里音乐 Alibaba Music  TmallTV	Innovation Initiatives & Others  高德 AudiNav  Yunos  钉钉	Un-allocated⁽²⁾	Consolidated
Mar 17 Revenue (MM)	RMB 31,570 US\$ 4,587 47% YoY	RMB 2,163 US\$ 314 103% YoY	RMB 3,927 US\$ 571 234% YoY	RMB 919 US\$ 133 88% YoY	-	RMB 38,579 US\$ 5,605 60% YoY
Mar 17 Adjusted EBITA (MM)	RMB 18,579 US\$ 2,699	RMB (169) US\$ (24)	RMB (1,711) US\$ (249)	RMB (682) US\$ (99)	RMB (866) US\$ (126)	RMB 15,151 US\$ 2,201
Mar 17 Adjusted EBITA Margin (%)	59%	(8%)	(44%)	(74%)		39%
Mar 16 Adjusted EBITA Margin (%)	59%	(16%)	(17%)	(210%)		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 RMB6.8832 to US\$1.00.

Fiscal 2017 Highlights

Revenue



56% YoY
Total Revenue
Growth

45% YoY
Core Commerce
Revenue Growth

GMV



RMB 3.8 T
(US\$ 547 Bn⁽¹⁾)

Transacted on
China retail
marketplaces

Mobile



80% Mobile Revenue
as % of China
Commerce Retail
Revenue

79% Mobile GMV
as % of
annual GMV

Cloud



121% Cloud
Computing YoY
Revenue Growth

Cloud Computing
Segment Adjusted
EBITA Margin **(7%)**

Strong Profitability and Cash Flow










62% Core Commerce
Segment Adjusted
EBITA Margin

US\$10 Bn⁽¹⁾
Non-GAAP Free Cash Flow

Notes: Unless otherwise indicated, all figures above are for the twelve months ended March 31, 2017.

(1) All translations of RMB into US\$ were made at RMB6.8832 to US\$1.00.

Fiscal 2017 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> 					
F17 Revenue (MM)	RMB 133,880 US\$ 19,450 45% YoY	RMB 6,663 US\$ 968 121% YoY	RMB 14,733 US\$ 2,141 271% YoY	RMB 2,997 US\$ 435 65% YoY	-	RMB 158,273 US\$ 22,994 56% YoY
F17 Adjusted EBITA (MM)	RMB 82,432 US\$ 11,976	RMB (476) US\$ (69)	RMB (6,542) US\$ (951)	RMB (3,125) US\$ (454)	RMB (3,117) US\$ (453)	RMB 69,172 US\$ 10,049
F17 Adjusted EBITA Margin (%)	62%	(7%)	(44%)	(104%)		44%
F16 Adjusted EBITA Margin (%)	63%	(41%)	(46%)	(191%)		48%

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 RMB6.8832 to US\$1.00.

Share of Results of Equity Investees

Our share of Koubei's loss for the quarter ended December 31, 2016, which we picked up in arrears in our income statements in the quarter ended March 31, 2017, reflects Koubei's higher promotional spending in the December quarter.

The share of results of equity investees in fiscal year 2017 was a loss of RMB5,027 million, as compared to a loss of RMB1,730 million in fiscal year 2016, primarily due to an increase in share of losses of Cainiao Network and other equity investees, as well as an accounting loss related to the dilution of our ownership interest in Weibo in fiscal year 2017, which resulted from Weibo's issuance of share-based compensation, as compared to accounting gains related the dilution of our ownership interests in Cainiao Network and Evergrande FC, as these investees each raised capital at a higher valuation in fiscal year 2016.

In RMB MM unless otherwise stated	Mar Q 2016	Dec Q 2016	Mar Q 2017	FY2016	FY2017
Share of profit (loss) of equity investees:					
- Koubei	(762)	(237)	(505)	(867)	(990)
- Youku Tudou**	(152)	–	–	(391)	–
- Cainiao Network	(94)	(234)	(375)	(295)	(1,056)
- Other equity investees	(102)	(373)	(41)	62	(838)
Impairment loss	–	(245)	–	–	(245)
Dilution gains (losses)	745	(82)	(61)	827	(336)
Others*	(347)	(377)	(462)	(1,066)	(1,562)
TOTAL	(712)	(1,548)	(1,444)	(1,730)	(5,027)

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

** We began consolidating the results of Youku Tudou in the quarter ended June 30, 2016, and consequently, ceased to account for our investments in Youku Tudou as an equity method investee.

GAAP to Adjusted/Non-GAAP Measures Reconciliation

	For the Three Months Ended		
	Mar 31, 2016	Mar 31, 2017	
	(RMB MM)	(RMB MM)	(US\$MM)
Adjusted EBITDA			
Income from operations	5,112	9,532	1,385
Add: Share-based compensation expense	4,553	4,306	625
Add: Depreciation and amortization of property and equipment and land use rights	1,090	1,446	210
Add: Amortization of intangible assets	743	1,313	191
Adjusted EBITDA	11,498	16,597	2,411
<i>Adjusted EBITDA margin</i>	<i>48%</i>	<i>43%</i>	
Non-GAAP net income			
Net income	5,314	9,852	1,431
Add: Share-based compensation expense	4,553	4,306	625
Add: Amortization of intangible assets	743	1,313	191
Add: Impairment of goodwill and investments	3	133	19
Less: Gain on deemed disposals/disposals/ revaluation of investments and others	(3,334)	(5,603)	(812)
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	65	65	9
Adjusted for tax effects on non-GAAP adjustments	212	374	54
Non-GAAP net income	7,556	10,440	1,517
Non-GAAP Free cash flow			
Net cash provided by operating activities	5,082	10,746	1,561
Less: Purchase of property, equipment and intangible assets (excluding land use rights and construction in progress)	(683)	(2,832)	(411)
Add: Changes in loan receivables, net and others	(11)	66	9
Non-GAAP free cash flow	4,388	7,980	1,159



Alibaba Group
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