

2020 INVESTOR DAY

HIGHLIGHTS

This week Alibaba Group hosted its 2020 Investor Day, which featured presentations by top executives on different segments of Alibaba's business. Below and attached please find highlights, including strategic growth opportunities in the next five years from Chairman and CEO Daniel Zhang, and financial and investment highlights from CFO Maggie Wu. A key theme this year is how Alibaba's long-term focus on technology and innovation have helped drive strong and sustainable growth in different business units across the Alibaba ecosystem.

The full replay of the presentations and materials can be viewed at
➤ <https://alibabagroup.com/en/ir/investorday>



We believe digitalization is a historic opportunity which Alibaba is best positioned to capture. Throughout the past twenty years, we have continuously leveraged digital technology — the marriage of technology and commerce — to make it easy to do business anywhere and turn our mission into reality.”

– Daniel Zhang, Chairman and CEO

Three Core Growth Engines with Eleven Strategic Opportunities

1. China Domestic consumption

Alibaba will continue to grow our digital economy user base by expanding consumption categories and consumer wallet share, and use our unparalleled consumer insights to develop new supply categories. Alibaba will also continue to redefine online and offline retail formats, and facilitate Alipay's transformation into an entry point for digital services – from “digital check out” to “digital check in”.

2. Cloud computing and data intelligence

Through integration of our solutions in cloud and data intelligence with commerce platforms, Alibaba Business Operating System will empower customer brands to achieve end-to-end digital operations. Alibaba will also transform the entire logistics supply chain by making it digital and intelligent, help upgrade all enterprise IT infrastructure to cloud, elevate the approach to work into cloud-based collaboration and providing the capability for building industry solutions for all traditional sectors.

3. Globalization

Alibaba will continue to expand its digital ecosystem to the global market where consumers and businesses are becoming increasingly digital.



We can have multi-engine growth because we are always innovating and investing for the future. While other companies work for next quarters, we work for the next three to five years and setting 10 years goal, 15 years goal.”

– Maggie Wu, CFO

Financial & Investment Highlights

Unrivalled user scale and reach with **over 1 billion global annual active consumers** of Alibaba Group, an increase of over 140 million from the 12-month period ended June 2020.

Robust revenue growth continued to outperform global peers (Amazon, Tencent, Facebook, Microsoft, Google) – revenue was RMB549 billion for the 12 months ended June 2020, an increase of 33.5% year-over-year, driven in part by growth in new revenue drivers.

Alibaba is driving China's consumption growth as evidenced by our Digital Economy GMV reaching **RMB7.3 trillion** for the 12 months ended June 2020, which accounted for 18% of China's total retail sales (compared to 10% in 2015).

Consumer spending and retention on the platform is growing over time, helped by synergies that increase user engagement. Average consumer annual spending was RMB9,000 on our China retail marketplaces. We retained 98% of our high-spending consumers (>RMB7,000) and 96% of moderate-spending consumers (RMB2,000-RMB7,000), outperforming other e-commerce platforms in China. Consumers who use five Alibaba Digital Economy platforms (AutoNavi, Taobao, Ele.me, UC Browser, Youku) are active **27 days per month**, on par with leading social platforms.

Continuously increased monetization thanks to expanded value proposition for merchants with a **take rate of 4.5%** as of June 2020 (compared to 2.5% in 2014 and 3.3% in 2017).

Alibaba Cloud is expected to turn profitable and Cainiao is expected to generate positive operating cash flow in fiscal 2021.

Alibaba has a strong track record of business innovation and will **continue to invest in technology and R&D** creating a virtuous cycle by using the strong cash flow generated from core commerce to reinvest in and/or incubate new businesses.

Huge valuation potential. If we put 25x¹ multiple on the adjusted EBITA², the equity value of Alibaba's marketplace-based core commerce would reach US\$725 billion, near the current total market value of Alibaba Group. This valuation does not calculate the new businesses including the industry-leading Freshippo, Tmall Global, Cainiao and Alibaba Cloud, nor does it consider our net cash and invested business valuations.

¹ The lowest multiples used on peers.
² For the last twelve months ended June 2020.

