

December Quarter 2023 Results

February 7, 2024

 Alibaba



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 earnings per share/ADS 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 Measures Reconciliation, GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders and the slides presenting revenue and EBITA by segments.

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Financial Highlights

<i>(in RMB Mn, except per share data and percentages)</i>	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY%	2022	2023	YoY%
Taobao and Tmall Group	127,065	129,070	2%	323,317	341,677	6%
Cloud Intelligence Group	27,364	28,066	3%	78,755	80,779	3%
Alibaba International Digital Commerce Group	19,824	28,516	44%	51,591	75,150	46%
Cainiao Smart Logistics Network Limited	23,023	28,476	24%	58,597	74,463	27%
Local Services Group	13,397	15,160	13%	37,909	45,174	19%
Digital Media and Entertainment Group	4,261	5,040	18%	13,455	16,200	20%
All others ⁽¹⁾	50,334	47,023	(7)%	143,812	140,873	(2)%
Total segment revenue	265,268	281,351	6%	707,436	774,316	9%
Unallocated	225	374		634	900	
Inter-segment elimination	(17,737)	(21,377)		(47,583)	(55,922)	
Consolidated revenue	247,756	260,348	5%	660,487	719,294	9%
Income from operations	35,031	22,511	(36)%	85,111	98,585	16%
Share-based compensation expense	8,773	6,222		23,285	11,423	
Amortization and impairment of intangible assets	5,530	14,601		11,010	19,511	
Impairment of goodwill, and others	2,714	9,509		3,225	11,540	
Net income	45,746	10,717	(77)%	43,577	70,413	62%
Diluted earnings per share ⁽²⁾⁽³⁾	2.24	0.71	(68)%	2.31	3.72	61%
Diluted earnings per ADS ⁽²⁾⁽³⁾	17.91	5.65	(68)%	18.49	29.73	61%
Non-GAAP Measures						
Adjusted EBITA	52,048	52,843	2%	122,631	141,059	15%
Non-GAAP net income	49,932	47,951	(4)%	114,004	133,061	17%
Non-GAAP diluted earnings per share ⁽²⁾⁽⁴⁾	2.41	2.37	(2)%	5.48	6.50	19%
Non-GAAP diluted earnings per ADS ⁽²⁾⁽⁴⁾	19.26	18.97	(2)%	43.80	51.97	19%

Notes: During the nine months ended December 31, 2023, our segment reporting has been updated to reflect our Reorganization and the reclassification of the revenue of our DingTalk business, which was previously reported under Cloud Intelligence Group, to All others, the purpose of which was to provide DingTalk with greater autonomy to promote innovation and enhance competitiveness. Our CODM started to review information under this new reporting structure and segment reporting has been updated to conform to this change as well as the way we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

- (1) All others include Sun Art, Freshippo, Alibaba Health, Lingxi Games, Intime, Intelligent Information Platform (which mainly consists of UCWeb and Quark businesses), Fliggy, DingTalk (previously reported under Cloud Intelligence Group segment) and other businesses. The majority of revenue within All others consist of direct sales revenue, which is recorded on a gross basis.
- (2) Each ADS represents eight ordinary shares.
- (3) Diluted earnings per share is derived from dividing net income attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares, on a diluted basis. Diluted earnings per ADS is derived from the diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.
- (4) Non-GAAP diluted earnings per share is derived from dividing non-GAAP net income attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares for computing non-GAAP diluted earnings per share, on a diluted basis. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.

Income Statement: Selected Financials

<i>(in RMB Mn, except percentages)</i>	Three months ended Dec 31,				Nine months ended Dec 31,			
	2022	2023	YoY%	Change YoY	2022	2023	YoY%	Change YoY
Income from operations	35,031	22,511	(36)%	(12,520)	85,111	98,585	16%	13,474
Interest and investment income, net	15,516	(3,500)	N/A	(19,016)	(21,567)	(4,262)	(80)%	17,305
Interest expense	(1,550)	(2,132)	38%	(582)	(4,182)	(5,770)	38%	(1,588)
Other income, net	1,462	439	(70)%	(1,023)	4,515	3,194	(29)%	(1,321)
Income before income tax and share of results of equity method investees	50,459	17,318	(66)%	(33,141)	63,877	91,747	44%	27,870
Income tax expenses	(3,820)	(4,988)	31%	(1,168)	(11,791)	(16,807)	43%	(5,016)
Share of results of equity method investees	(893)	(1,613)	81%	(720)	(8,509)	(4,527)	(47)%	3,982
Net income	45,746	10,717	(77)%	(35,029)	43,577	70,413	62%	26,836
Net income attributable to ordinary shareholders	46,815	14,433	(69)%	(32,382)	48,993	76,471	56%	27,478
Adjustments to reconcile net income to non-GAAP net income:								
Share-based compensation expense	8,773	6,222	(29)%	(2,551)	23,285	11,423	(51)%	(11,862)
Amortization and impairment of intangible assets	5,530	14,601	164%	9,071	11,010	19,511	77%	8,501
(Gain) Loss on deemed disposals/disposals/revaluation of investments	(11,187)	9,358	N/A	20,545	25,661	16,665	(35)%	(8,996)
Impairment of goodwill and investments, and others	3,927	11,149	184%	7,222	17,572	23,022	31%	5,450
Tax effects ⁽¹⁾	(2,857)	(4,096)	43%	(1,239)	(7,101)	(7,973)	12%	(872)
Non-GAAP net income	49,932	47,951	(4)%	(1,981)	114,004	133,061	17%	19,057
Non-GAAP net income attributable to ordinary shareholders	50,341	48,257	(4)%	(2,084)	116,044	133,244	15%	17,200

Note:

(1) Tax effects primarily comprise tax effects relating to share-based compensation expense, amortization and impairment of intangible assets and certain gains and losses from investments, and others.

Cash Flow & Balance Sheet: Selected Financials



	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023		2022	2023	
<i>Cash Flow</i>	RMB Mn	RMB Mn	USD Mn	RMB Mn	RMB Mn	USD Mn
Net cash provided by operating activities	87,370	64,716	9,115	168,351	159,253	22,430
Less:						
Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(5,793)	(7,286)	(1,026)	(27,860)	(17,405)	(2,451)
Purchase of intangible assets (excluding those acquired through acquisitions)	-	(842)	(119)	(22)	(842)	(119)
Changes in the buyer protection fund deposits	(63)	(48)	(7)	(1,073)	(157)	(22)
Free cash flow	81,514	56,540	7,963	139,396	140,849	19,838
Net cash outflow relating to capital expenditure	(6,897)	(8,857)	(1,247)	(30,852)	(20,934)	(2,948)
Net cash inflow (outflow) from investment and acquisition activities⁽¹⁾	1,890	(1,500)	(211)	(2,318)	3,289	463
Share Repurchase	(24,455)	(20,706)	(2,916)	(62,135)	(54,731)	(7,709)
	As of Mar 31,	As of Dec 31,				
	2023	2023				
<i>Balance Sheet</i>	RMB Mn	RMB Mn	USD Mn			
Cash and cash equivalents	193,086	254,804	35,889			
Short-term investments	326,492	300,419	42,313			
Other treasury investments	40,736	97,739	13,766			
Cash balance	560,314	652,962	91,968			
Less:						
Current and non-current bank borrowings	(59,489)	(65,430)	(9,215)			
Current and non-current unsecured senior notes	(101,865)	(100,496)	(14,155)			
Net cash position	398,960	487,036	68,598			

Note:

(1) Net cash inflow (outflow) from investment and acquisition activities represent cash outflow for investment and acquisition activities, net of cash inflow from disposal of investments.

Cost of Revenue and Operating Expenses

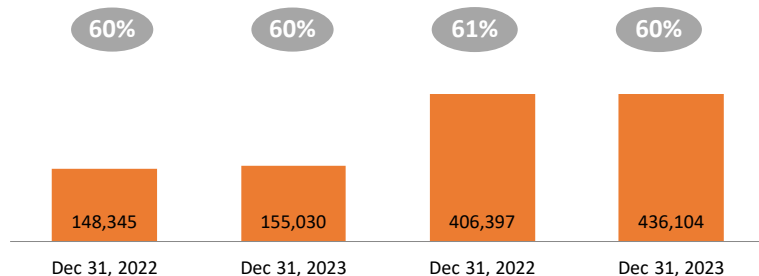
Cost of Revenue (excluding SBC)

(RMB Mn)

Three months ended

Nine months ended

% of Revenue



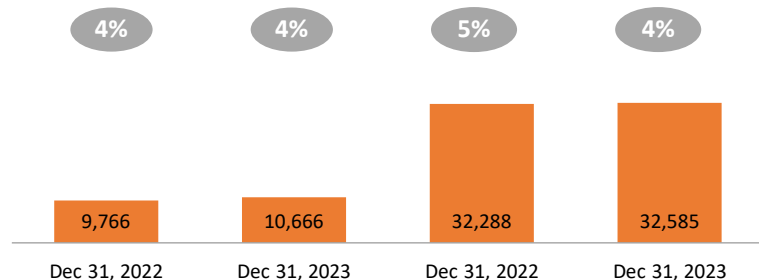
Product Development Expenses (excluding SBC)

(RMB Mn)

Three months ended

Nine months ended

% of Revenue



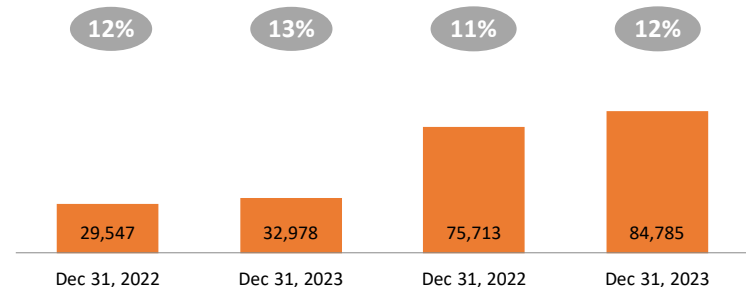
Sales & Marketing Expenses (excluding SBC)

(RMB Mn)

Three months ended

Nine months ended

% of Revenue



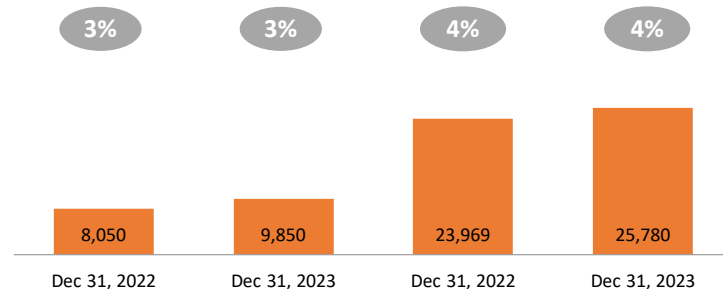
General & Administrative Expenses (excluding SBC)

(RMB Mn)

Three months ended

Nine months ended

% of Revenue



Segment Results: Quarter ended December 31

Three months ended Dec 31, 2023

(in RMB Mn, except percentages)	Alibaba							All Others ⁽¹⁾	Total segments	Unallocated ⁽²⁾	Inter-segment elimination	Consolidated
	Taobao and Tmall Group	Cloud Intelligence Group	Alibaba International Digital Commerce Group	Cainiao Smart Logistics Network Limited	Local Services Group	Digital Media and Entertainment Group	Digital Media and Entertainment Group					
Revenue	129,070	28,066	28,516	28,476	15,160	5,040	47,023	281,351	374	(21,377)	260,348	
Revenue YoY%	2%	3%	44%	24%	13%	18%	(7)%	6%			5%	
Adjusted EBITA	59,930	2,364	(3,146)	961	(2,068)	(517)	(3,172)	54,352	(808)	(701)	52,843	
Adjusted EBITA YoY Change	685	1,095	(2,501)	973	855	(126)	(1,474)	(493)	1,365	(77)	795	
Adjusted EBITA YoY% ⁽³⁾	1%	86%	(388)%	N/A	29%	(32)%	(87)%	(1)%			2%	

Three months ended Dec 31, 2022

(in RMB Mn)	Alibaba							All Others ⁽¹⁾	Total segments	Unallocated ⁽²⁾	Inter-segment elimination	Consolidated
	Taobao and Tmall Group	Cloud Intelligence Group	Alibaba International Digital Commerce Group	Cainiao Smart Logistics Network Limited	Local Services Group	Digital Media and Entertainment Group	Digital Media and Entertainment Group					
Revenue	127,065	27,364	19,824	23,023	13,397	4,261	50,334	265,268	225	(17,737)	247,756	
Adjusted EBITA	59,245	1,269	(645)	(12)	(2,923)	(391)	(1,698)	54,845	(2,173)	(624)	52,048	

Notes: During the nine months ended December 31, 2023, our segment reporting has been updated to reflect our Reorganization and the reclassification of the result of our DingTalk business, which was previously reported under Cloud Intelligence Group, to All others, the purpose of which was to provide DingTalk with greater autonomy to promote innovation and enhance competitiveness. Our CODM started to review information under this new reporting structure and segment reporting has been updated to conform to this change as well as the way we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

- (1) All others include Sun Art, Freshippo, Alibaba Health, Lingxi Games, Intime, Intelligent Information Platform (which mainly consists of UCWeb and Quark businesses), Fliggy, DingTalk (previously reported under Cloud Intelligence Group segment) and other businesses.
- (2) Unallocated primarily relates to certain costs incurred by corporate functions and other miscellaneous items that are not allocated to individual segments.
- (3) For a more intuitive presentation, widening of loss in YoY% is shown in terms of negative growth rate, and narrowing of loss in YoY% is shown in terms of positive growth rate.

Segment Results: Nine Months ended December 31

Nine months ended Dec 31, 2023												
(in RMB Mn, except percentages)	Alibaba							All Others ⁽¹⁾	Total segments	Unallocated ⁽²⁾	Inter-segment elimination	Consolidated
	Taobao and Tmall Group	Cloud Intelligence Group	Alibaba International Digital Commerce Group	Cainiao Smart Logistics Network Limited	Local Services Group	Digital Media and Entertainment Group	Digital Commerce Group					
Revenue	341,677	80,779	75,150	74,463	45,174	16,200	140,873	774,316	900	(55,922)	719,294	
Revenue YoY%	6%	3%	46%	27%	19%	20%	(2)%	9%			9%	
Adjusted EBITA	156,326	4,689	(3,950)	2,744	(6,614)	(655)	(6,342)	146,198	(3,290)	(1,849)	141,059	
Adjusted EBITA YoY Change	6,227	1,575	(1,177)	2,816	2,471	1,005	1,191	14,108	4,489	(169)	18,428	
Adjusted EBITA YoY% ⁽³⁾	4%	51%	(42)%	N/A	27%	61%	16%	11%			15%	

Nine months ended Dec 31, 2022												
(in RMB Mn)	Alibaba							All Others ⁽¹⁾	Total segments	Unallocated ⁽²⁾	Inter-segment elimination	Consolidated
	Taobao and Tmall Group	Cloud Intelligence Group	Alibaba International Digital Commerce Group	Cainiao Smart Logistics Network Limited	Local Services Group	Digital Media and Entertainment Group	Digital Commerce Group					
Revenue	323,317	78,755	51,591	58,597	37,909	13,455	143,812	707,436	634	(47,583)	660,487	
Adjusted EBITA	150,099	3,114	(2,773)	(72)	(9,085)	(1,660)	(7,533)	132,090	(7,779)	(1,680)	122,631	

Notes: During the nine months ended December 31, 2023, our segment reporting has been updated to reflect our Reorganization and the reclassification of the result of our DingTalk business, which was previously reported under Cloud Intelligence Group, to All others, the purpose of which was to provide DingTalk with greater autonomy to promote innovation and enhance competitiveness. Our CODM started to review information under this new reporting structure and segment reporting has been updated to conform to this change as well as the way we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

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(3) For a more intuitive presentation, widening of loss in YoY% is shown in terms of negative growth rate, and narrowing of loss in YoY% is shown in terms of positive growth rate.

Business Highlights

- We are in the process of revitalizing Taobao and Tmall Group and positioning it for future growth. Our growth strategy is to put users first, build ecosystem for brands and merchants to thrive on our platform, and realize technology-driven innovation. We are committed to building an e-commerce ecosystem where brands, merchants and manufacturers operate with high efficiency, thereby providing multi-tiered Chinese consumers with good products and services at attractive prices. In December 2023, we appointed a new management team to execute Taobao and Tmall Group's strategy and drive business growth through technological innovation.
- During the quarter, online GMV achieved healthy growth year-over-year, with the number of transacting buyers and order volume growing strongly, partly offset by decrease in average order value. Under our user engagement and price-competitive strategies, we continued to increase interactive content and broaden the assortment of value-for-money products. Additionally, we continued our efforts to onboard a wider range of brands and merchants. The number of merchants operating on our platform during the quarter continued to grow at double digits year-over-year, and this double-digit growth trend has sustained over the past four quarters.
- Following a successful 11.11 Global Shopping Festival, order volume grew double digits year-over-year during the second half of the quarter. This reflected increasing consumer demand and willingness to make purchases on our platform driven by our price-competitive strategy.

(in RMB Mn, except percentages)	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY %	2022	2023	YoY %
Customer management	91,694	92,113	0%	230,996	240,435	4%
Direct sales and others	31,042	31,649	2%	78,599	85,715	9%
China commerce wholesale	4,329	5,308	23%	13,722	15,527	13%
Revenue	127,065	129,070	2%	323,317	341,677	6%
Adj. EBITA	59,245	59,930	1%	150,099	156,326	4%

China Commerce Retail Revenue

- Revenue from our China commerce retail business** in the quarter ended December 31, 2023 was **RMB123,762 million** (US\$17,432 million), an increase of **1%** compared to RMB122,736 million in the same quarter of 2022.
- Customer management revenue** remained stable year-over-year, primarily due to healthy growth in online GMV generated on Taobao and Tmall, excluding unpaid orders, partly offset by decline in overall take rate. The overall take rate decreased slightly year-over-year mainly because the increase in GMV came from Taobao merchants.
- Direct sales and others revenue** under China commerce retail business in the quarter ended December 31, 2023 was **RMB31,649 million** (US\$4,458 million), an increase of **2%** compared to RMB31,042 million in the same quarter of 2022.

China Commerce Wholesale Revenue

- Revenue from our China commerce wholesale business** in the quarter ended December 31, 2023 was **RMB5,308 million** (US\$747 million), an increase of **23%** compared to RMB4,329 million in the same quarter of 2022, primarily due to an increase in revenue from value-added services provided to paying members.

Segment Adjusted EBITA

- Taobao and Tmall Group adjusted EBITA** increased by **1%** to **RMB59,930 million** (US\$8,441 million) in the quarter ended December 31, 2023, compared to RMB59,245 million in the same quarter of 2022. The increase was primarily due to narrowing losses in certain businesses, partly offset by an increase in investment in content, user acquisition and retention of Taobao app, as well as technological innovation.

Business Highlights

Recent highlights of our proprietary products and technology include:

- **Elastic Compute:** In January 2024, Alibaba Cloud unveiled its newest general-purpose ECS instance g8i, which significantly boosts overall performance and AI inferencing capabilities.
- **Database:** In the 2023 Gartner® Magic Quadrant™ for Cloud Database Management Systems report, Alibaba Cloud was named a Leader for the fourth year in a row.

Segment Revenue

- **Revenue from Cloud Intelligence Group** was **RMB28,066 million** (US\$3,953 million) in the quarter ended December 31, 2023, an increase of **3%** compared to RMB27,364 million in the same quarter of 2022. Year-over-year revenue growth was mainly driven by Alibaba-consolidated businesses.
- Revenue excluding Alibaba-consolidated businesses decreased year-over-year, primarily due to the decrease in revenue from low-margin project-based contracts as a result of continued effort to improve revenue quality. However, revenue from our public cloud products and services experienced healthy year-over-year growth.

Segment Adjusted EBITA

- **Cloud Intelligence Group adjusted EBITA** increased by **86%** to **RMB2,364 million** (US\$333 million) in the quarter ended December 31, 2023, compared to RMB1,269 million in the same quarter of 2022, primarily due to improving product mix through our focus on public cloud and operating efficiency.

<i>(in RMB Mn, except percentages)</i>	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	27,364	28,066	3%	78,755	80,779	3%
Adj. EBITA	1,269	2,364	86%	3,114	4,689	51%

Business Highlights

- For the quarter ended December 31, 2023, revenue from AIDC grew 44% year-over-year to RMB28,516 million (US\$4,016 million), and the combined orders of AIDC grew 24% year-over-year. The strong performance was driven by solid growth across all of AIDC’s retail platforms, especially from the cross-border AliExpress *Choice* business.
- During the quarter, AliExpress delivered over 60% year-over-year order growth, driven by *Choice*, which provides an enhanced experience to consumers by combining better product selection, price and quality with speed of logistics and great customer support. *Choice* represented about half of AliExpress’ total orders in January 2024 and continues to deliver rapid order growth.
- During the quarter, Trendyol continued its robust double-digit order growth. While maintaining its leading e-commerce position in Türkiye, Trendyol has further extended its operations into the Middle East with a wide range of merchandise as well as speedy and reliable logistics experience.
- Lazada continues to focus on optimizing its operating efficiency. With further increased monetization and decreased logistics costs, Lazada’s loss per order continued to narrow year-over-year during the quarter.

(in RMB Mn, except percentages)	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY %	2022	2023	YoY %
International commerce retail	14,954	23,260	56%	36,686	59,376	62%
International commerce wholesale	4,870	5,256	8%	14,905	15,774	6%
Revenue	19,824	28,516	44%	51,591	75,150	46%
Adj. EBITA	(645)	(3,146)	(388)%	(2,773)	(3,950)	(42)%

International Commerce Retail Revenue

- Revenue from our International commerce retail business** in the quarter ended December 31, 2023 was **RMB23,260 million** (US\$3,276 million), an increase of **56%** compared to RMB14,954 million in the same quarter of 2022. The increase in revenue was primarily due to solid combined order growth of AIDC’s retail businesses driven by the strong performance of all its major retail platforms, the revenue contribution from AliExpress *Choice* as well as improvements in monetization. As certain of our international businesses generate revenue in local currencies while our reporting currency is Renminbi, AIDC’s revenue is affected by exchange rate fluctuations.

International Commerce Wholesale Revenue

- Revenue from our International commerce wholesale business** in the quarter ended December 31, 2023 was **RMB5,256 million** (US\$740 million), an increase of **8%** compared to RMB4,870 million in the same quarter of 2022. The increase was primarily due to an increase in revenue generated by cross-border related value-added services.

Segment Adjusted EBITA

- Alibaba International Digital Commerce Group adjusted EBITA** was **a loss of RMB3,146 million** (US\$443 million) in the quarter ended December 31, 2023, compared to a loss of RMB645 million in the same quarter of 2022. Losses increased year-over-year primarily because of increased investment in businesses including AliExpress *Choice* and Trendyol’s international business, partly offset by improvement in monetization.

Business Highlights

- Cainiao continues to execute its strategy of building a global smart logistics network, reinforcing comprehensive end-to-end capabilities in first-mile pick-up, line haul, customs clearance, sortation, and last-mile delivery.
- To support cross-border business development, with the upgrade of end-to-end capabilities, Cainiao further expanded its premium 5-day delivery service coverage, adding two more countries during the quarter. The order volume for the premium 5-day delivery service achieved robust triple-digit quarter-over-quarter growth.

Segment Revenue

- Revenue from Cainiao Smart Logistics Network Limited** was **RMB28,476 million** (US\$4,011 million) in the quarter ended December 31, 2023, an increase of **24%** compared to RMB23,023 million in the same quarter of 2022, primarily contributed by the increase in revenue from cross-border fulfillment solutions.

Segment Adjusted EBITA

- Cainiao Smart Logistics Network Limited adjusted EBITA** was **a profit of RMB961 million** (US\$135 million) in the quarter ended December 31, 2023, compared to a loss of RMB12 million in the same quarter of 2022. The year-over-year increase reflected economies of scale that leads to cost optimization as well as optimized operating expenditure spending. This also reflected Cainiao’s continuous effort in cost optimization in line-haul transportation and last-mile delivery.

<i>(in RMB Mn, except percentages)</i>	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	23,023	28,476	24%	58,597	74,463	27%
Adj. EBITA	(12)	961	N/A	(72)	2,744	N/A

Business Highlights

- During this quarter, order growth of Local Services Group exceeded 20% year-over-year. Local Services Group's annual active consumers reached over 390 million and their annual purchasing frequency grew strongly year-over-year for the twelve months ended December 31, 2023. For this quarter, its losses continued to narrow driven by improving business scale and efficiency.

Segment Revenue

- Revenue from Local Services Group** was **RMB15,160 million** (US\$2,135 million) in the quarter ended December 31, 2023, an increase of **13%** compared to RMB13,397 million in the same quarter of 2022, primarily due to the order growth of Amap and Ele.me.

Segment Adjusted EBITA

- Local Services Group adjusted EBITA** was **a loss of RMB2,068 million** (US\$291 million) in the quarter ended December 31, 2023, compared to a loss of RMB2,923 million in the same quarter of 2022, primarily due to the continued narrowing of loss from our "To-Home" business driven by Ele.me's improved unit economics and increasing scale.

<i>(in RMB Mn, except percentages)</i>	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	13,397	15,160	13%	37,909	45,174	19%
Adj. EBITA	(2,923)	(2,068)	29%	(9,085)	(6,614)	27%

Business Highlights

- During the quarter, Damai, a subsidiary of Alibaba Pictures, consolidated its industry-leading position by servicing almost all the major concerts in China, which contributed to rapid GMV growth year-over-year.
- Total box office of movies produced, promoted and distributed by Alibaba Pictures' movie segment accounted for more than half of China's total box office during the quarter.

Segment Revenue

- **Revenue from Digital Media and Entertainment Group** was **RMB5,040 million** (US\$710 million) in the quarter ended December 31, 2023, an increase of **18%** compared to RMB4,261 million in the same quarter of 2022, primarily driven by the strong revenue growth of offline entertainment businesses of Alibaba Pictures.

Segment Adjusted EBITA

- **Digital Media and Entertainment Group adjusted EBITA** in the quarter ended December 31, 2023 was **a loss of RMB517 million** (US\$73 million), compared to a loss of RMB391 million in the same quarter of 2022. Losses increased year-over-year primarily due to the increased losses of Youku.

<i>(in RMB Mn, except percentages)</i>	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	4,261	5,040	18%	13,455	16,200	20%
Adj. EBITA	(391)	(517)	(32)%	(1,660)	(655)	61%

Segment Revenue

- Revenue from All others segment was **RMB47,023 million** (US\$6,623 million) in the quarter ended December 31, 2023, a **decrease of 7%** compared to RMB50,334 million in the same quarter of 2022, mainly due to the decrease in revenue from Sun Art, driven by the scale down of supply chain business and the decrease in ticket size.

Segment Adjusted EBITA

- Adjusted EBITA from All others segment in the quarter ended December 31, 2023 was a **loss of RMB3,172 million** (US\$447 million), compared to a loss of RMB1,698 million in the same quarter of 2022, primarily due to an increase in year-over-year loss from Sun Art due to scale down of certain of its businesses.

<i>(in RMB Mn, except percentages)</i>	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY %	2022	2023	YoY %
Revenue	50,334	47,023	(7)%	143,812	140,873	(2)%
Adj. EBITA	(1,698)	(3,172)	(87)%	(7,533)	(6,342)	16%

Upsize of Share Repurchase Program

- As previously announced, during the quarter ended December 31, 2023, we repurchased a total of **292.7 million** ordinary shares (equivalent of **36.6 million** ADSs) for a total of **US\$2.9 billion**, and a total of **897.9 million** ordinary shares (equivalent of **112.2 million** ADSs) for a total of **US\$9.5 billion** during the 2023 calendar year.
- As of December 31, 2023, we had **20.0 billion** ordinary shares (equivalent of **2.5 billion** ADSs) outstanding. Our share repurchase program resulted in a net reduction of **3.3%** in our outstanding shares in the 2023 calendar year after accounting for shares issued under our ESOP.
- Our board of directors has approved an increase of **US\$25 billion** to our share repurchase program through the end of March 2027. Following this upsize, we currently have **US\$35.3 billion** available under our share repurchase program through the next three fiscal years. We have undertaken to update investors on our share repurchases immediately after the end of each quarter with the next update expected to be published in early April.



Appendix

Revenue Breakdown

<i>(in RMB Mn, except percentages)</i>	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023	YoY%	2022	2023	YoY%
Taobao and Tmall Group	127,065	129,070	2%	323,317	341,677	6%
China commerce retail	122,736	123,762	1%	309,595	326,150	5%
- Customer management	91,694	92,113	0%	230,996	240,435	4%
- Direct sales and others ⁽¹⁾	31,042	31,649	2%	78,599	85,715	9%
China commerce wholesale	4,329	5,308	23%	13,722	15,527	13%
Cloud Intelligence Group	27,364	28,066	3%	78,755	80,779	3%
Alibaba International Digital Commerce Group	19,824	28,516	44%	51,591	75,150	46%
International commerce retail	14,954	23,260	56%	36,686	59,376	62%
International commerce wholesale	4,870	5,256	8%	14,905	15,774	6%
Cainiao Smart Logistics Network Limited	23,023	28,476	24%	58,597	74,463	27%
Local Services Group	13,397	15,160	13%	37,909	45,174	19%
Digital Media and Entertainment Group	4,261	5,040	18%	13,455	16,200	20%
All others⁽²⁾	50,334	47,023	(7%)	143,812	140,873	(2%)
Total segment revenue	265,268	281,351	6%	707,436	774,316	9%
Unallocated	225	374		634	900	
Inter-segment elimination	(17,737)	(21,377)		(47,583)	(55,922)	
Consolidated revenue	247,756	260,348	5%	660,487	719,294	9%

Notes: During the nine months ended December 31, 2023, our segment reporting has been updated to reflect our Reorganization and the reclassification of the revenue of our DingTalk business, which was previously reported under Cloud Intelligence Group, to All others, the purpose of which was to provide DingTalk with greater autonomy to promote innovation and enhance competitiveness. Our CODM started to review information under this new reporting structure and segment reporting has been updated to conform to this change as well as the way we manage and monitor segment performance. Comparative figures were reclassified to conform to this presentation.

(1) Direct sales and others revenue under Taobao and Tmall Group primarily represents Tmall Supermarket, Tmall Global and other direct sales businesses, where revenue and cost of inventory are recorded on a gross basis.

(2) All others include Sun Art, Freshippo, Alibaba Health, Lingxi Games, Intime, Intelligent Information Platform (which mainly consists of UCWeb and Quark businesses), Fliggy, DingTalk (previously reported under Cloud Intelligence Group segment) and other businesses. The majority of revenue within All others consist of direct sales revenue, which is recorded on a gross basis.

GAAP to Non-GAAP Measures Reconciliation

	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023		2022	2023	
	RMB Mn	RMN Mn	USD Mn	RMB Mn	RMN Mn	USD Mn
Adjusted EBITA and Adjusted EBITDA						
Income from operations	35,031	22,511	3,171	85,111	98,585	13,885
Share-based compensation expense	8,773	6,222	876	23,285	11,423	1,609
Amortization and impairment of intangible assets	5,530	14,601	2,056	11,010	19,511	2,748
Impairment of goodwill, and others	2,714	9,509	1,340	3,225	11,540	1,626
Adjusted EBITA	52,048	52,843	7,443	122,631	141,059	19,868
Depreciation and impairment of property and equipment, and operating lease cost relating to land use rights	7,114	6,729	948	20,956	19,802	2,789
Adjusted EBITDA	59,162	59,572	8,391	143,587	160,861	22,657
Non-GAAP net income						
Net income	45,746	10,717	1,509	43,577	70,413	9,917
Adjustments to reconcile net income to non-GAAP net income:						
Share-based compensation expense	8,773	6,222	876	23,285	11,423	1,609
Amortization and impairment of intangible assets	5,530	14,601	2,056	11,010	19,511	2,748
(Gain) Loss on deemed disposals/disposals/revaluation of investments	(11,187)	9,358	1,318	25,661	16,665	2,347
Impairment of goodwill and investments, and others	3,927	11,149	1,571	17,572	23,022	3,243
Tax effects ⁽¹⁾	(2,857)	(4,096)	(576)	(7,101)	(7,973)	(1,123)
Non-GAAP net income	49,932	47,951	6,754	114,004	133,061	18,741
Non-GAAP Free cash flow						
Net cash provided by operating activities	87,370	64,716	9,115	168,351	159,253	22,430
Less:						
Purchase of property and equipment (excluding land use rights and construction in progress relating to office campuses)	(5,793)	(7,286)	(1,026)	(27,860)	(17,405)	(2,451)
Purchase of intangible assets (excluding those acquired through acquisitions)	-	(842)	(119)	(22)	(842)	(119)
Changes in the buyer protection fund deposits	(63)	(48)	(7)	(1,073)	(157)	(22)
Free cash flow	81,514	56,540	7,963	139,396	140,849	19,838

Note:

(1) Tax effects primarily comprise tax effects relating to share-based compensation expense, amortization and impairment of intangible assets and certain gains and losses from investments, and others.

GAAP to Non-GAAP Net Income Attributable to Ordinary Shareholders



<i>(in Mn, except per share data)</i>	Three months ended Dec 31,			Nine months ended Dec 31,		
	2022	2023		2022	2023	
	RMB	RMB	USD	RMB	RMB	USD
Net income attributable to ordinary shareholders – basic	46,815	14,433	2,033	48,993	76,471	10,771
Dilution effect on earnings arising from share-based awards operated by equity method investees and subsidiaries	(8)	(79)	(11)	(9)	(213)	(30)
Net income attributable to ordinary shareholders – diluted	46,807	14,354	2,022	48,984	76,258	10,741
Non-GAAP adjustments to net income attributable to ordinary shareholders ⁽¹⁾	3,526	33,824	4,764	67,051	56,773	7,996
Non-GAAP net income attributable to ordinary shareholders for computing non-GAAP diluted earnings per share/ADS	50,333	48,178	6,786	116,035	133,031	18,737
Weighted average number of shares on a diluted basis for computing non-GAAP diluted earnings per share/ADS (million shares)⁽²⁾	20,912	20,321		21,190	20,485	
Diluted earnings per share⁽²⁾⁽³⁾	2.24	0.71	0.10	2.31	3.72	0.52
Non-GAAP diluted earnings per share⁽²⁾⁽⁴⁾	2.41	2.37	0.33	5.48	6.50	0.91
Diluted earnings per ADS⁽²⁾⁽³⁾	17.91	5.65	0.80	18.49	29.73	4.19
Non-GAAP diluted earnings per ADS⁽²⁾⁽⁴⁾	19.26	18.97	2.67	43.80	51.97	7.32

Notes:

- (1) See the table above for the reconciliation of net income to non-GAAP net income for more information of these non-GAAP adjustments.
- (2) Each ADS represents eight ordinary shares.
- (3) Diluted earnings per share is derived from dividing net income attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares, on a diluted basis. Diluted earnings per ADS is derived from the diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.
- (4) Non-GAAP diluted earnings per share is derived from dividing non-GAAP net income attributable to ordinary shareholders by the weighted average number of outstanding ordinary shares for computing non-GAAP diluted earnings per share, on a diluted basis. Non-GAAP diluted earnings per ADS is derived from the non-GAAP diluted earnings per share after adjusting for the ordinary share-to-ADS ratio.

Alibaba

