



阅文集团
CHINA LITERATURE

阅世界 悦无界

2018 Annual Results

March 18, 2019

This presentation contains forward-looking statements relating to the industry and business outlook, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this presentation. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond our control. These forward-looking statements may prove to be incorrect and may not be realized in future. Underlying the forward-looking statements is a large number of risks and uncertainties. Further information regarding these risks and uncertainties is included in the Company's other public disclosure documents on its corporate website.

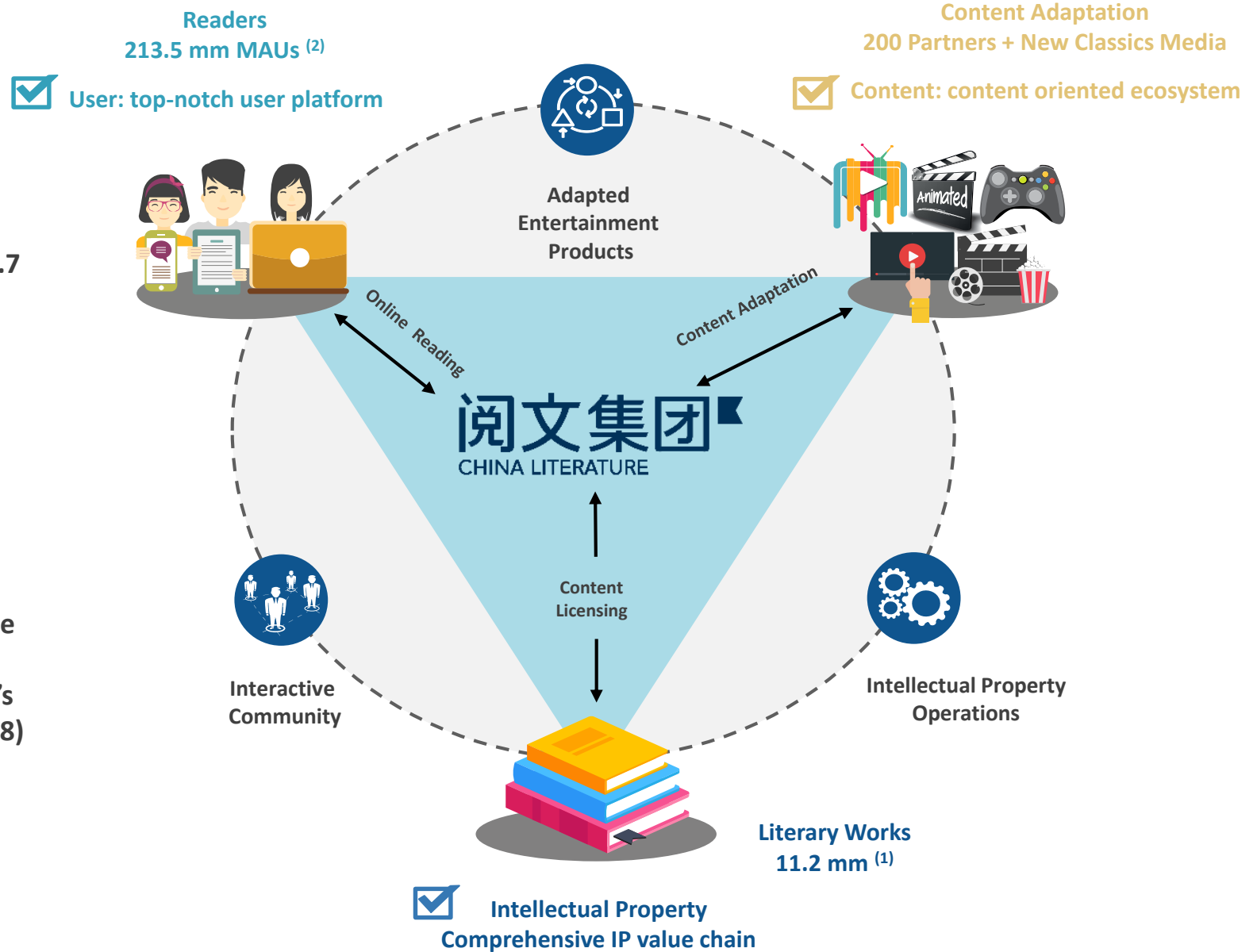
Furthermore, this presentation also contains statements based on the Company's management accounts, which have not been audited or reviewed by the Auditor. Shareholders and potential investors should therefore not place undue reliance on such statements.

2018 Annual Results Highlights

Revenues	Increased 23.0% from RMB4.1 billion in 2017 to RMB5.0 billion (USD734.1 million ¹) in 2018
Gross Profit	<ul style="list-style-type: none">• Increased 23.2% from RMB2.1 billion in 2017 to RMB2.6 billion (USD372.7 million) in 2018• Gross margin increased from 50.7% to 50.8% YoY
Operating Profit	<ul style="list-style-type: none">• Increased 81.4% from RMB614.6 million in 2017 to RMB1.1 billion (USD162.4 million) in 2018• Operating margin increased from 15.0% to 22.1% YoY
Net Profit	<ul style="list-style-type: none">• Increased 62.1% from RMB562.7 million in 2017 to RMB912.4 million (USD132.9 million) in 2018• Net margin increased from 13.7% to 18.1% YoY

Continued Expansion of our Ecosystem

- Total writers increased from 6.9 mm in 2017 to 7.7 mm in 2018
- Total works increased from 10.1 mm in 2017 to 11.2 mm in 2018
- 44.3 billion Chinese characters were added in 2018
- 25 out of the top 30 online literary works originated from our platform (Baidu's search ranking in Dec 2018)



Continued Expansion of our Ecosystem (con't)

- Acquired New Classics Media to go downstream along the value chain
- Co-invested TV & web released in 2018: Pretty Man, Our Glamorous Time, Martial Universe, Battle Through the Heavens, and Ever Night
- Co-produced animations released in 2018: Stellar Transformations, Cinderella Chef, and new seasons for The King's Avatar, Battle Through the Heavens, Pretty Man, Fighter of the Destiny, and Fulltime Master
- Licensed out 130+ titles for adaptation in 2018



1

Systematically Attract, Nurture and Promote Writers

2

Increase the Depth of Our Content Library and Expand to New Genres

3

Drive Technological Innovation to Enhance User Experience

4

Broaden Our Multi-layer Distribution Channel

5

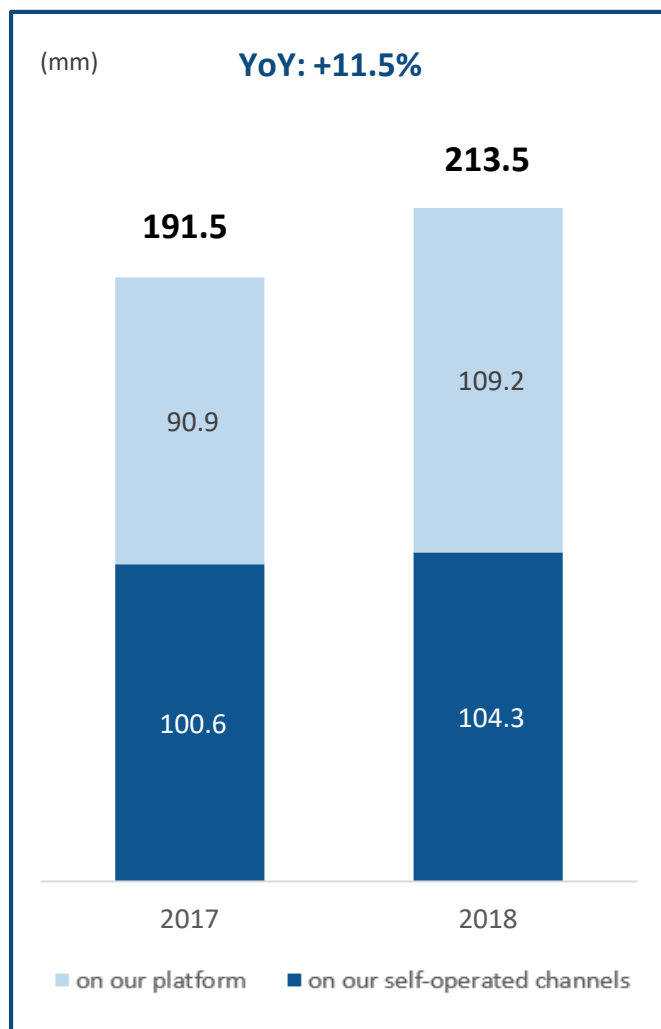
Strengthen IP Operations and Expand Downstream

6

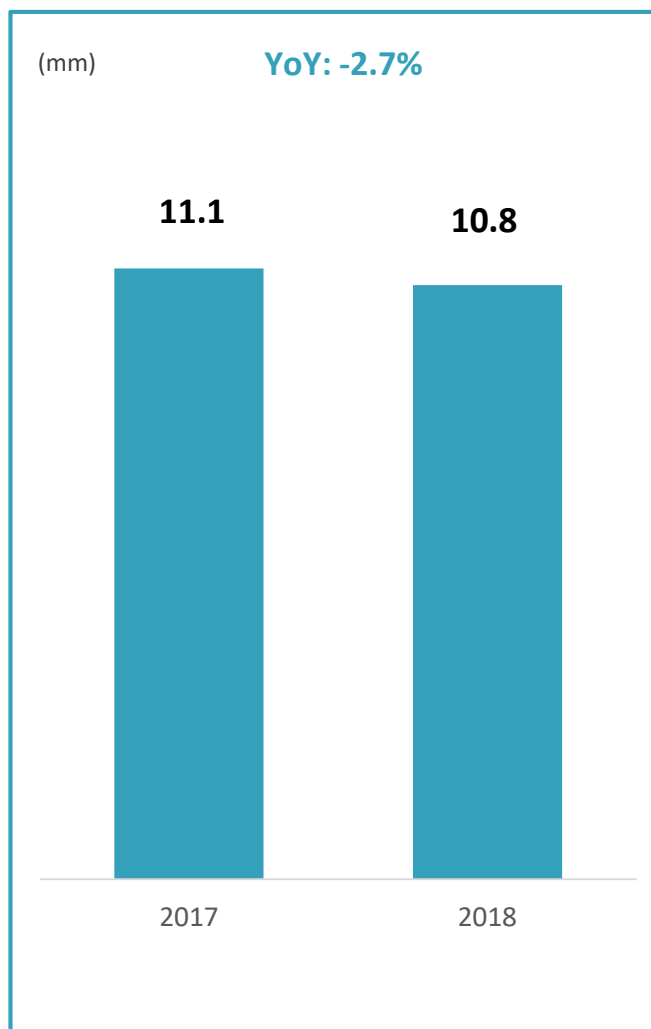
Expand Our Business Internationally

Financials: Key Operating Metrics

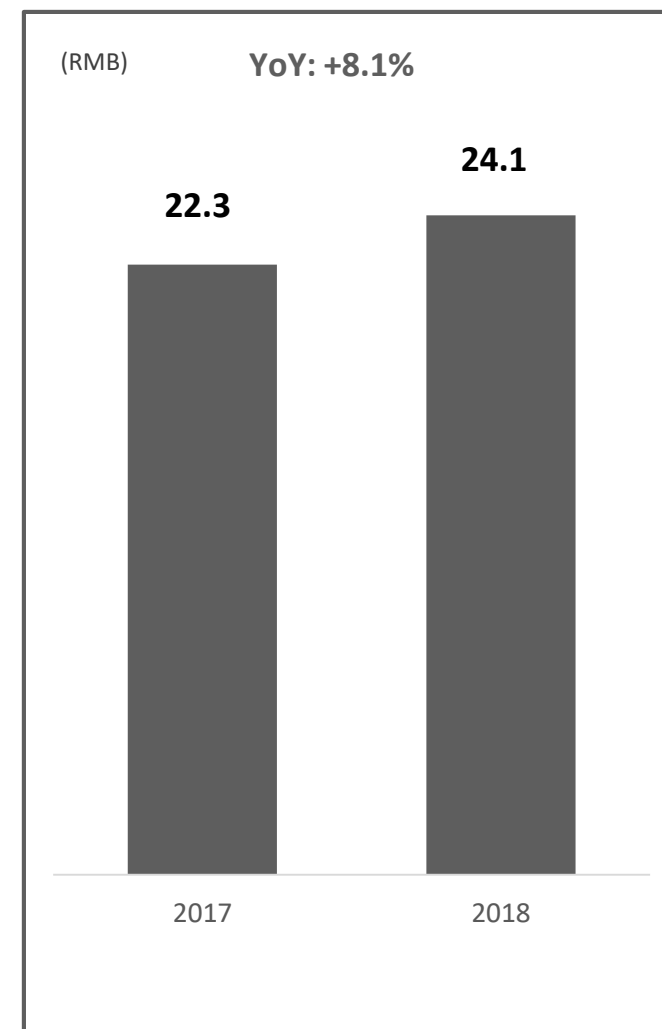
Average MAUs ⁽¹⁾



Average MPUs ⁽²⁾



Average Monthly ARPU ⁽³⁾



Notes:

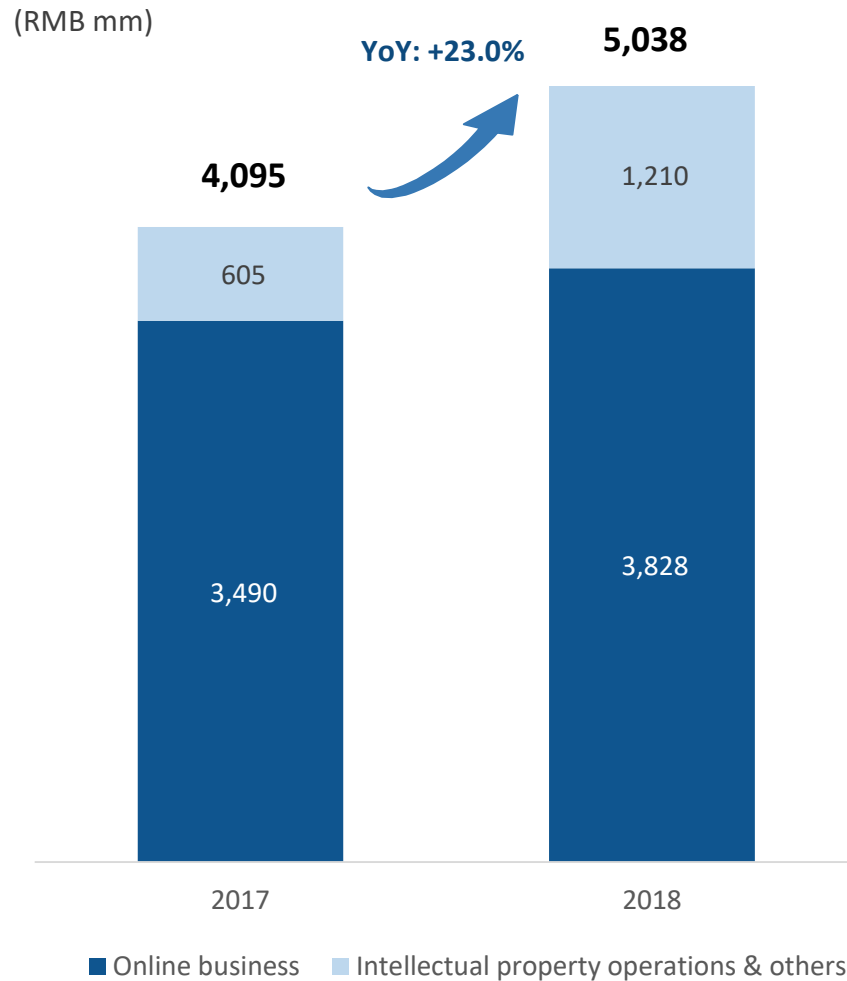
- (1) Average MAU is calculated as the average of MAUs for each calendar month during the respective year or period, on our platform and our self-operated channels on partner distribution platforms.
(2) Average MPU is calculated as the average of MPUs for each calendar month during the respective year or period, on our platform and our self-operated channels on partner distribution platforms.
(3) Average monthly ARPU is calculated as online reading revenue on our platform and self-operated channels divided by average MPUs during the period, then divided by the number of months during the period.

Financials: Income Statement

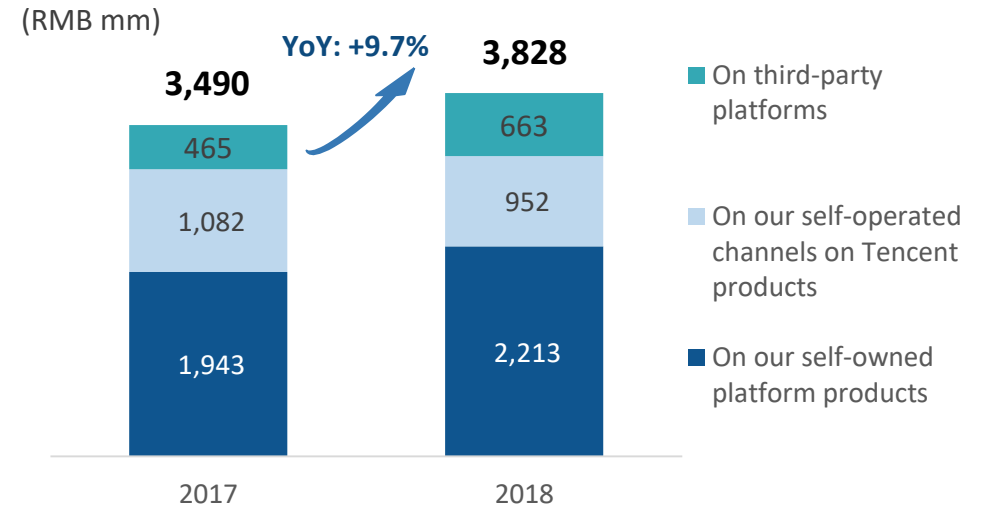
RMB' 000	2017	2018	YoY
Revenues	4,095,066	5,038,250	23.0%
Cost of revenues	(2,019,626)	(2,480,271)	22.8%
Gross profit	2,075,440	2,557,979	23.2%
Interest income	103,787	200,817	93.5%
Other gains, net	110,723	338,910	206.1%
Selling and marketing expenses	(965,121)	(1,293,107)	34.0%
General and administrative expenses	(684,247)	(726,470)	6.2%
Net reversal of/(impairment losses) on financial assets	(26,019)	36,822	(241.5%)
Operating profit	614,563	1,114,951	81.4%
Finance costs	(35,170)	(148,489)	322.2%
Share of net profit of associates and joint ventures	66,337	111,339	67.8%
Income tax expense	(83,038)	(165,403)	99.2%
Net profit	562,692	912,398	62.1%
Net profit to shareholders	556,129	910,636	63.7%

Financials: Revenue Structure

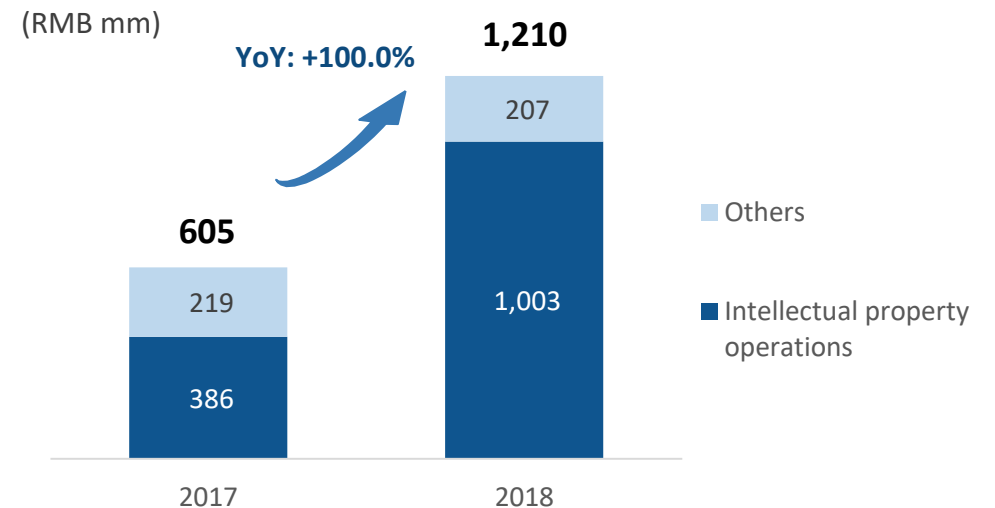
Revenues by Segment



Online Business Revenues Breakdown

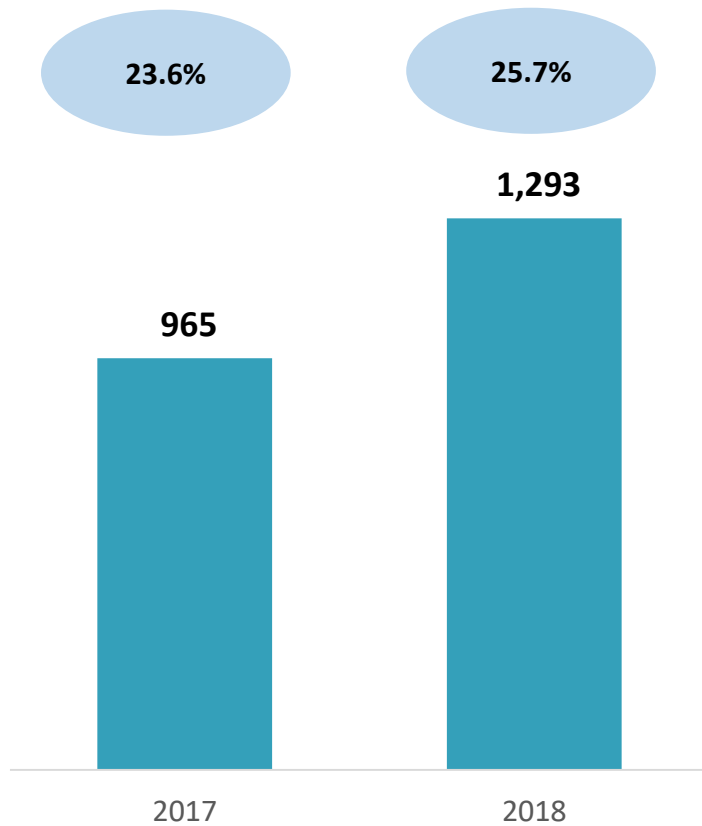


Intellectual Property Operations & Others Revenues Breakdown



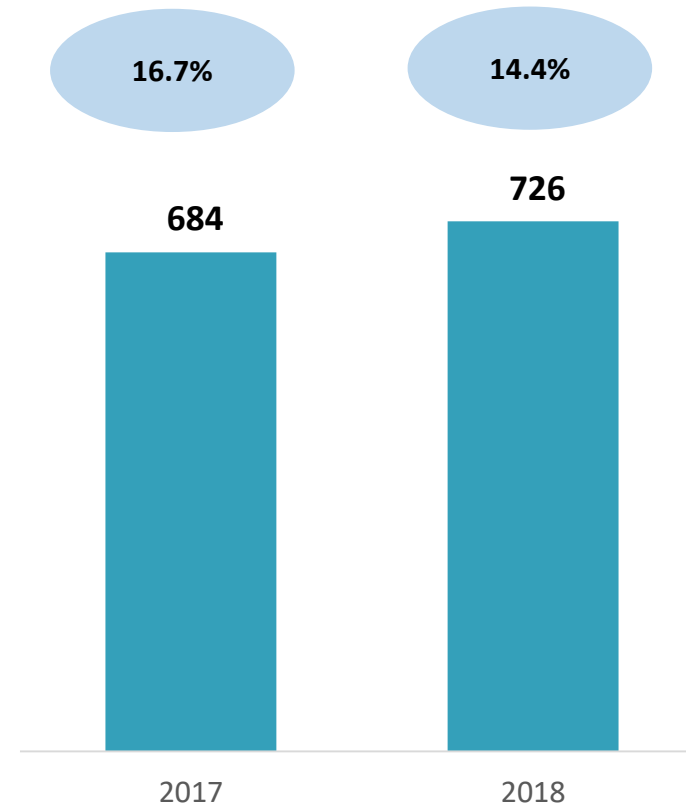
Selling & Marketing Expenses

as % of total revenue, total amount in RMB mm



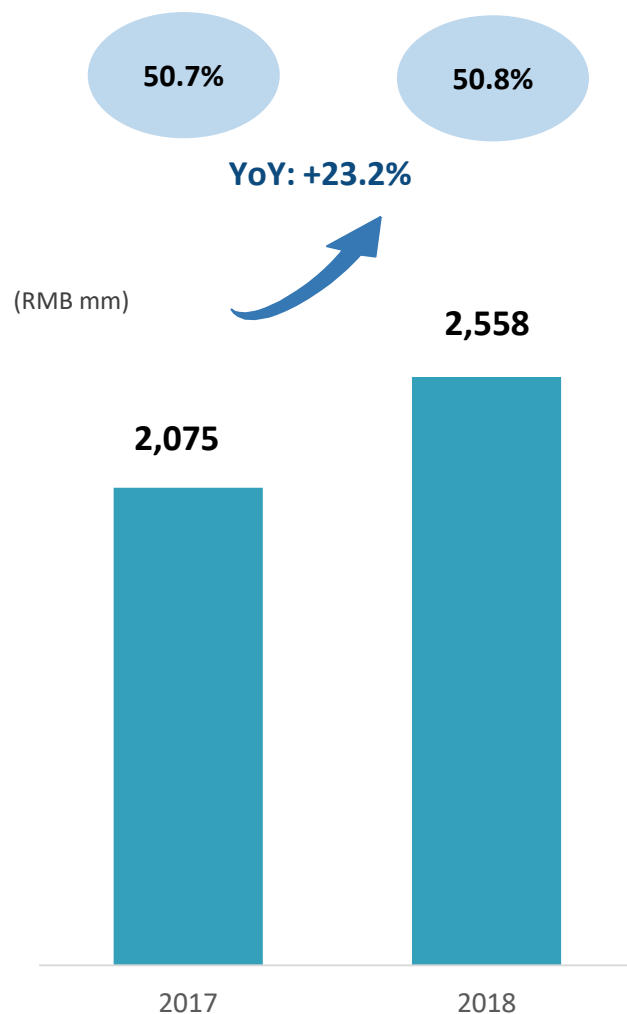
General & Administrative Expenses

as % of total revenue, total amount in RMB mm

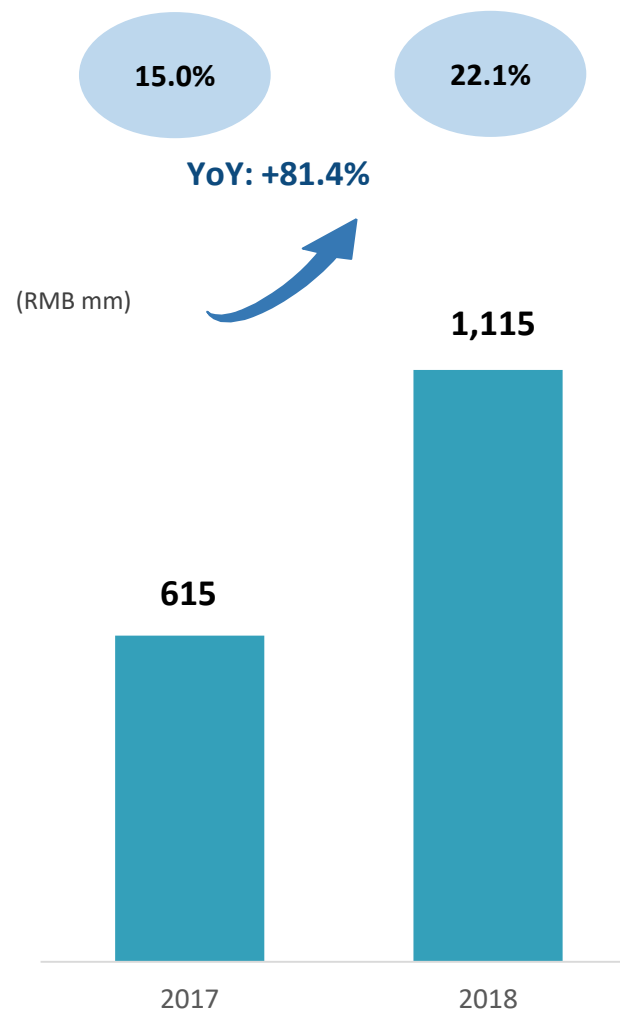


Financials: Key Profitability Metrics

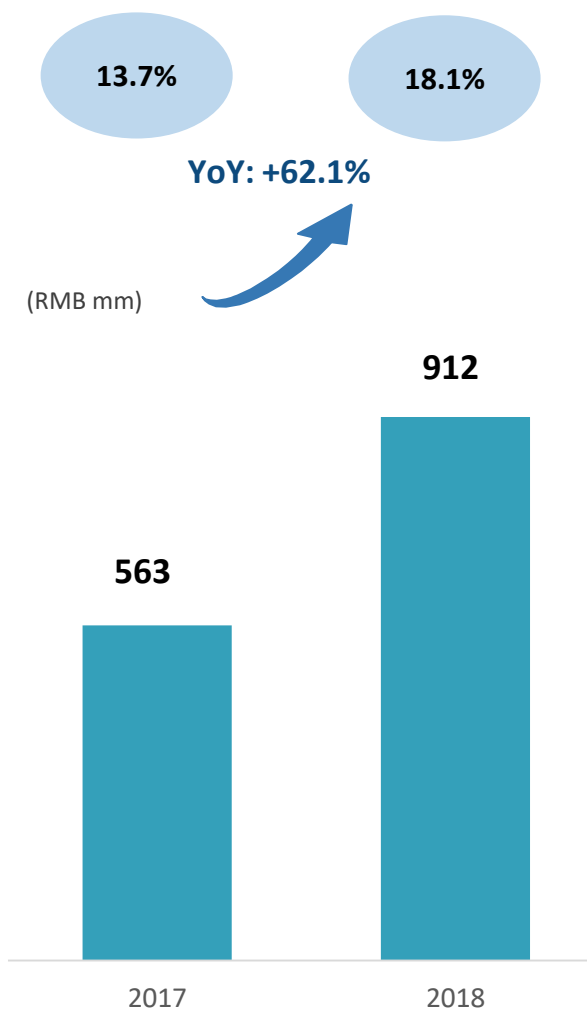
Gross Profit and Gross Profit Margin



Operating Profit and Operating Profit Margin



Net Profit and Net Profit Margin



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Thank You