

阅文集团
CHINA LITERATURE

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2018 Interim Results

August 13, 2018

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.

Our mission is to create **value** for
writers and to **bring**
literature to **people**

2018 Interim Results Highlights

Total Revenues

Increased 18.6% from RMB1.9 billion in 1H17 to RMB2.3 billion (USD345.0 million¹) in 1H18

Gross Profit

- Increased 24.4% from RMB1.0 billion in 1H17 to RMB1.2 billion (USD180.8 million) in 1H18
- Gross margin increased from 50.0% to 52.4% YoY

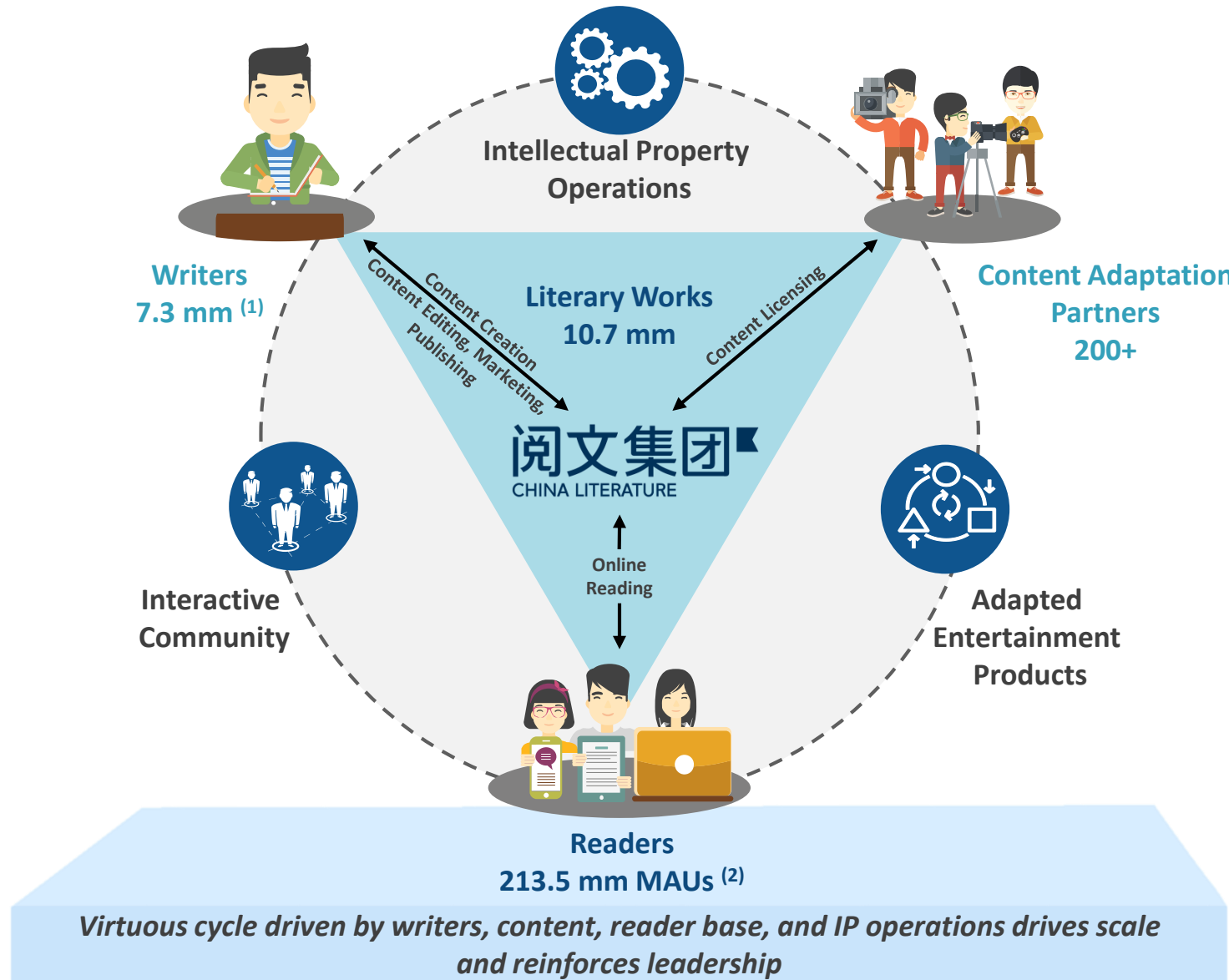
Operating Profit

- Increased 142.2% from RMB234.2 million in 1H17 to RMB567.4 million (USD85.7 million) in 1H18
- Operating margin increased from 12.2% to 24.9% YoY

Profit for the Period

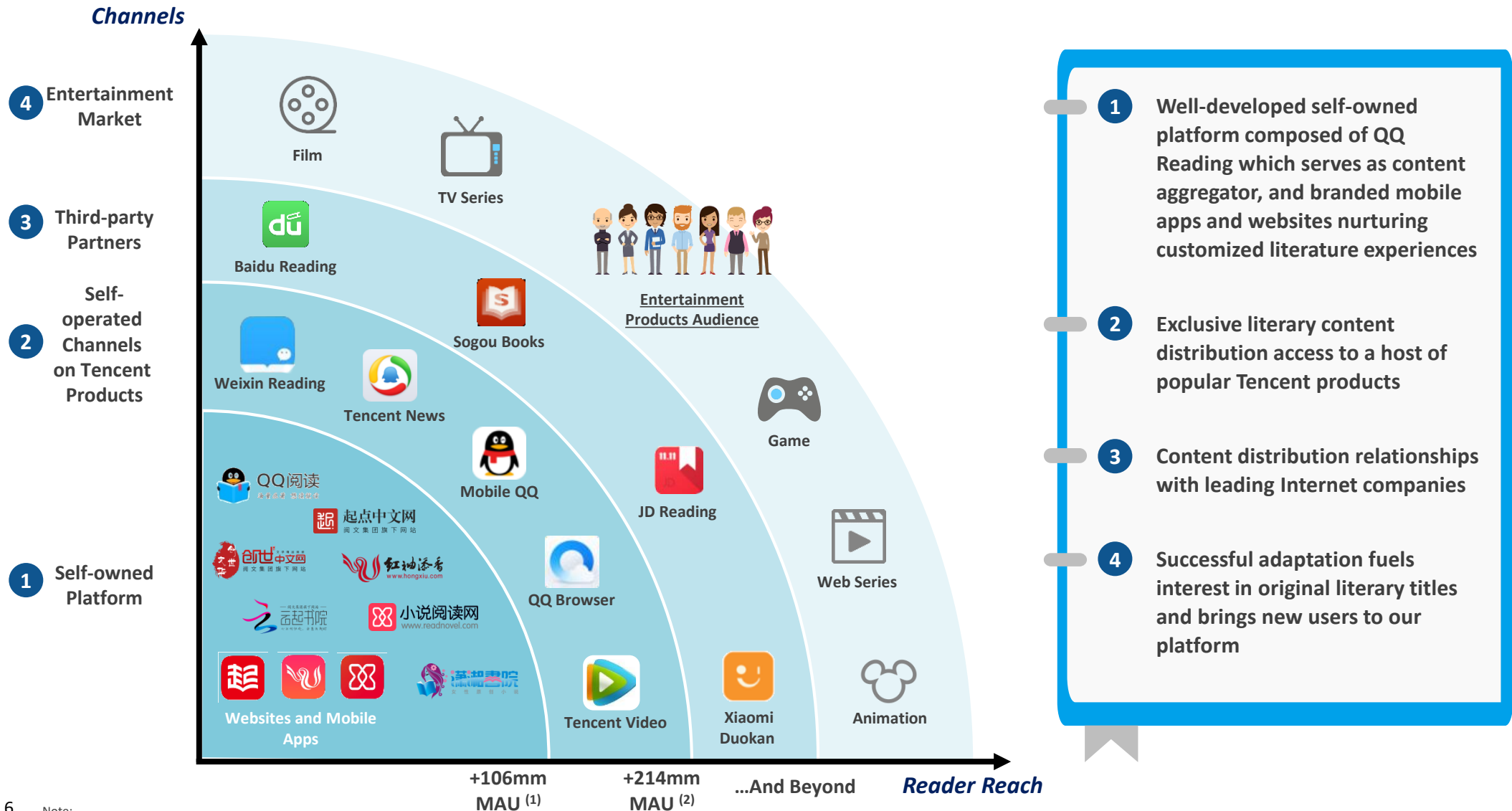
- Increased 136.2% from RMB213.5 million in 1H17 to RMB504.3 million (USD76.2 million) in 1H18
- Net margin increased from 11.1% to 22.1% YoY

Continuous Expansion of Ecosystem



Our Extensive Reader Reach and Scale

Multiple Content Distribution Channels Capable of Reaching a Vast User Base



6 Note:
 (1) Average MAUs of China Literature's self-owned platform products in 1H18.
 (2) Average MAUs of China Literature's self-owned platform products and self-operated channels on Tencent products in 1H18.

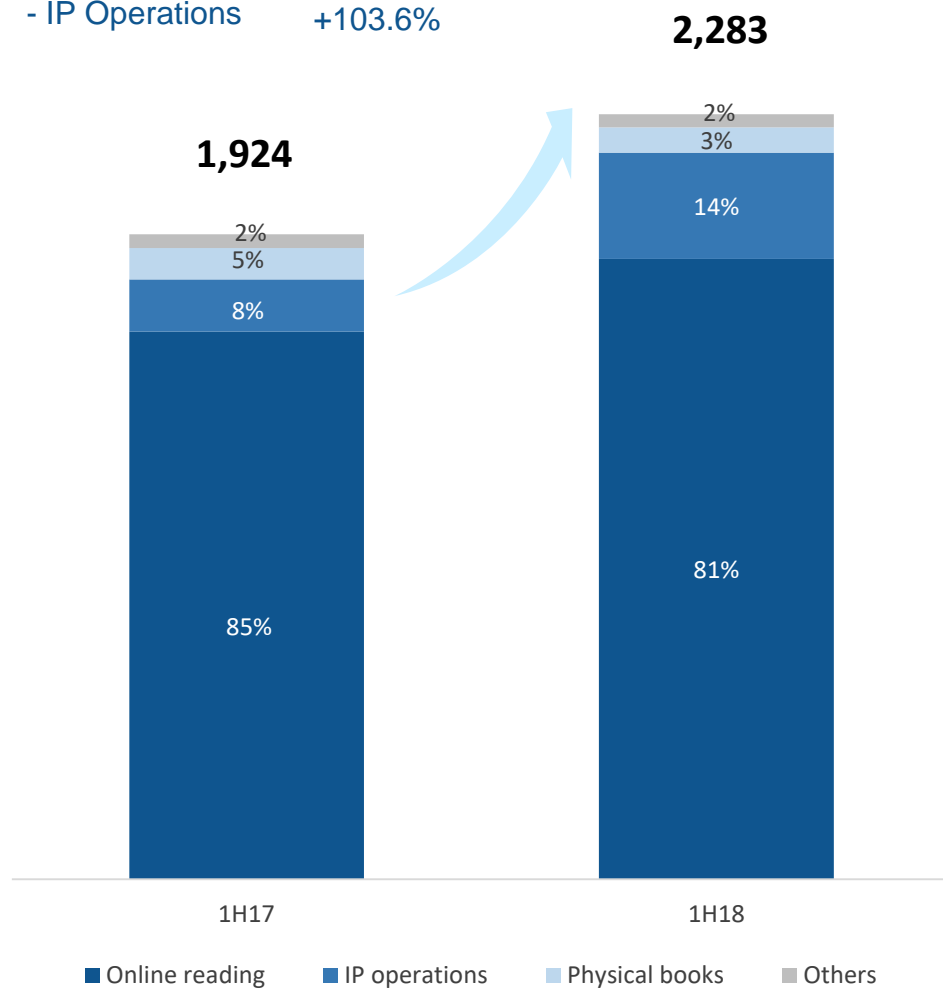
- 1 Systematically Attract, Nurture and Promote Writers
- 2 Increase the Depth of Our Content Library and Expand to New Genres
- 3 Drive Technological Innovation to Enhance User Experience
- 4 Broaden Our Multi-layer Distribution Channel
- 5 Strengthen IP Operations and Expand Downstream
- 6 Expand Our Business Internationally

Financials: Revenue Structure

Revenue Breakdown by Businesses

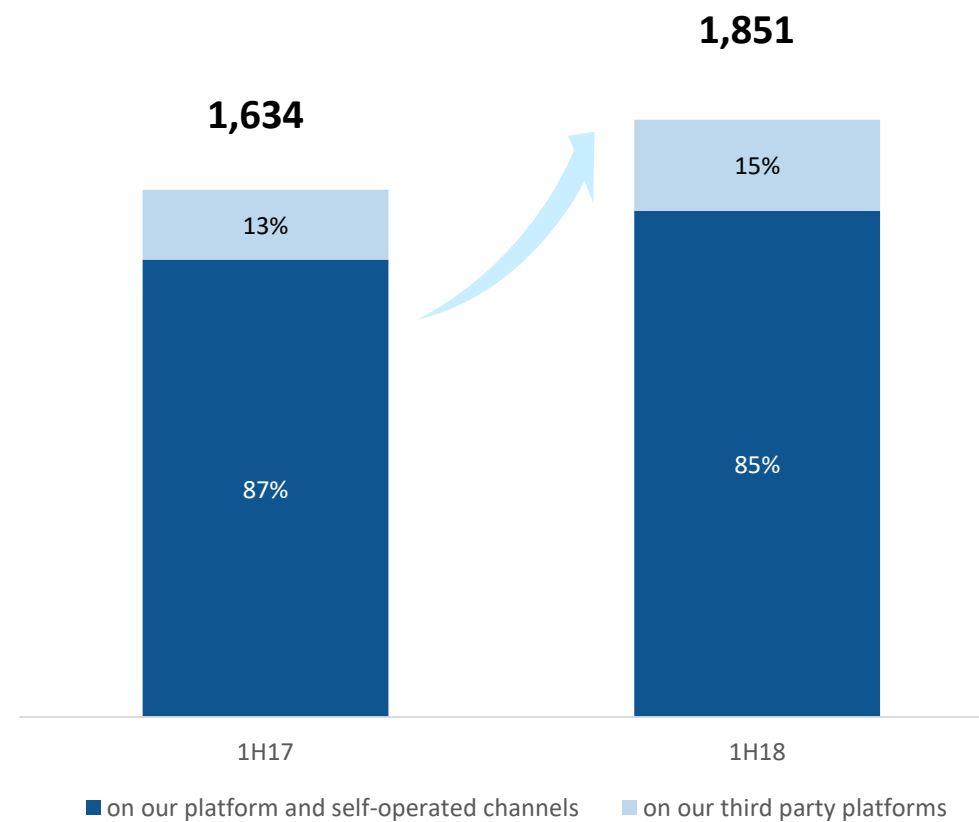
(RMB mm)

	YoY
Revenues	+18.6%
- Online Reading	+13.3%
- IP Operations	+103.6%



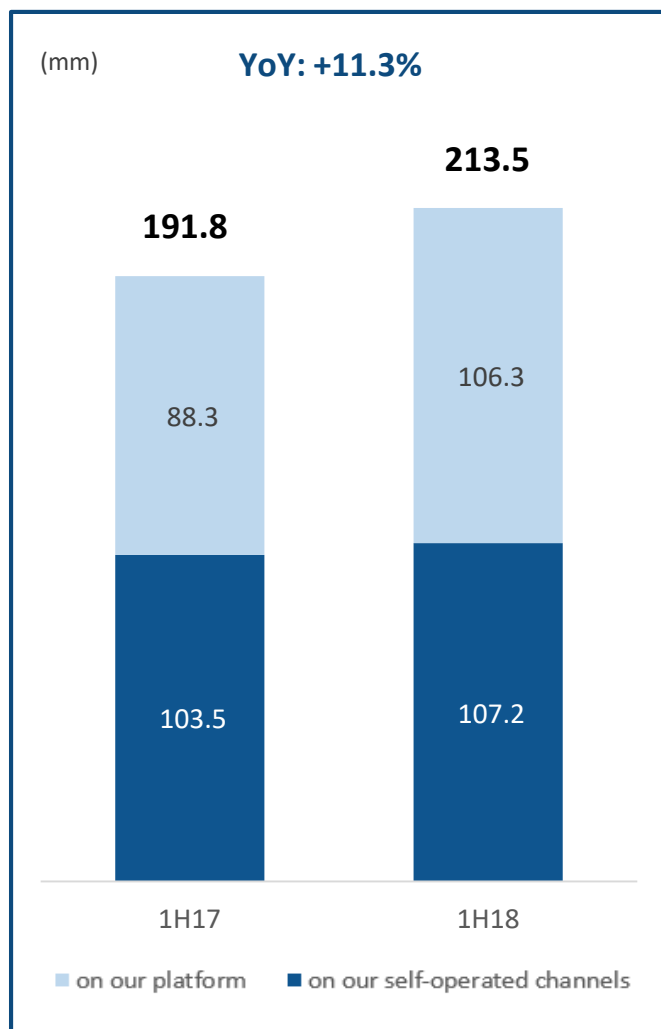
Online Reading Breakdown

(RMB mm)

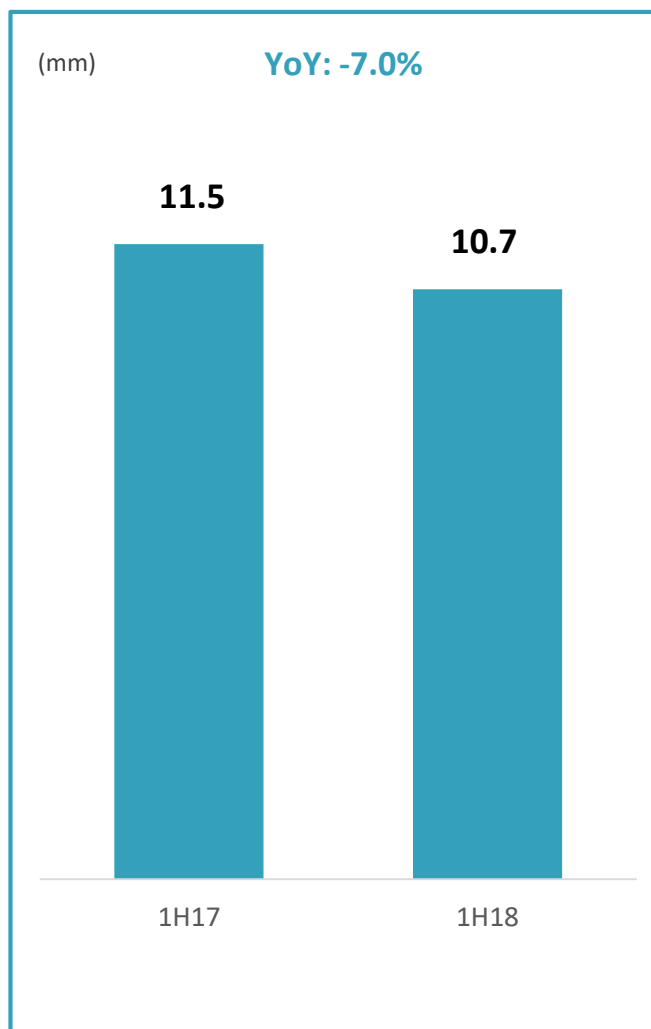


Financials: Key Operating Metrics

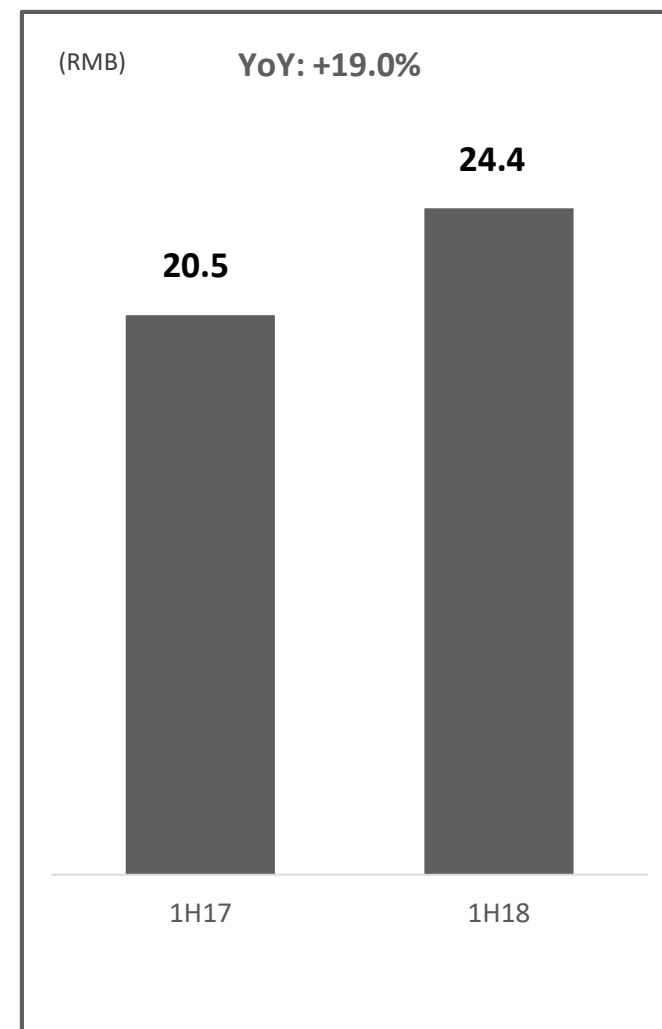
Average MAUs ⁽¹⁾



Average MPUs ⁽²⁾



Average Monthly ARPU ⁽³⁾

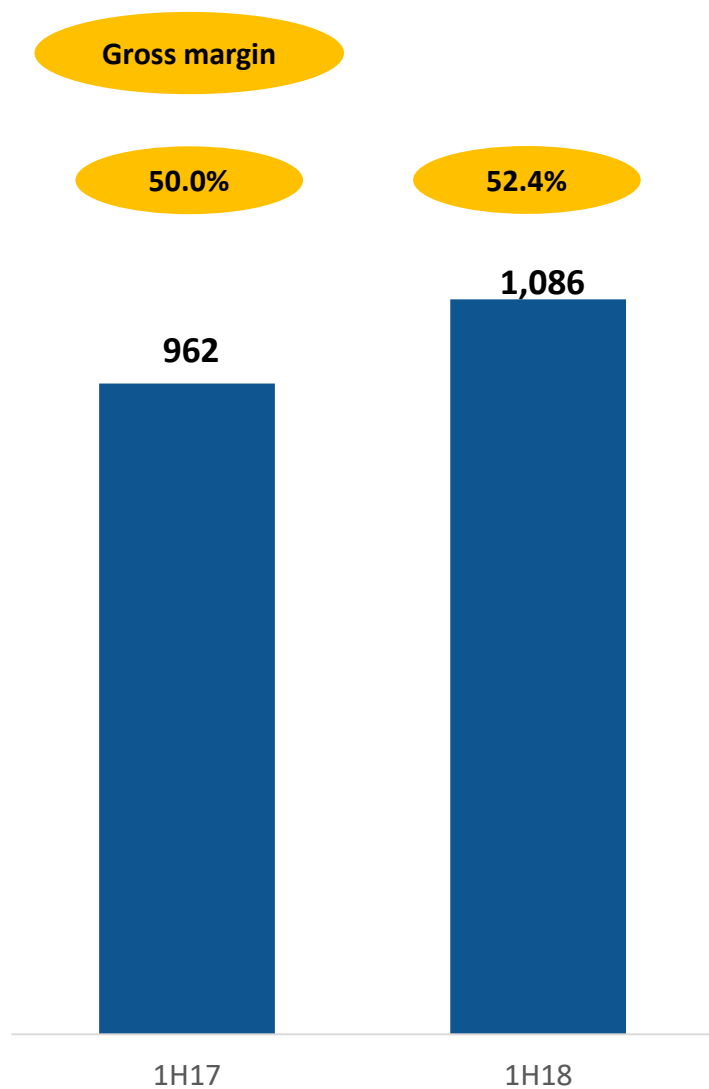


Notes:

- (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

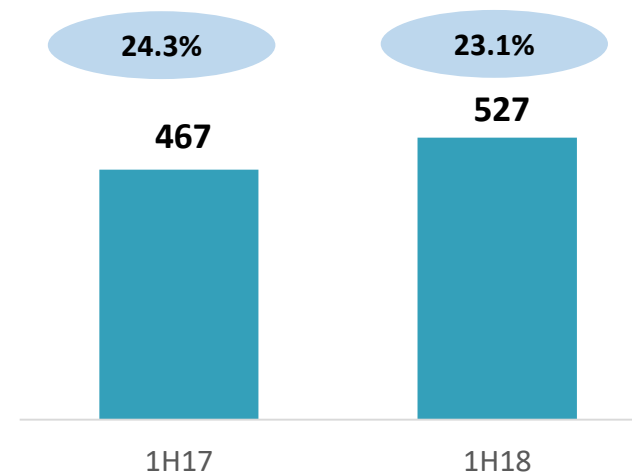
Cost of Revenue

as % of total revenue, total amount in RMB mm



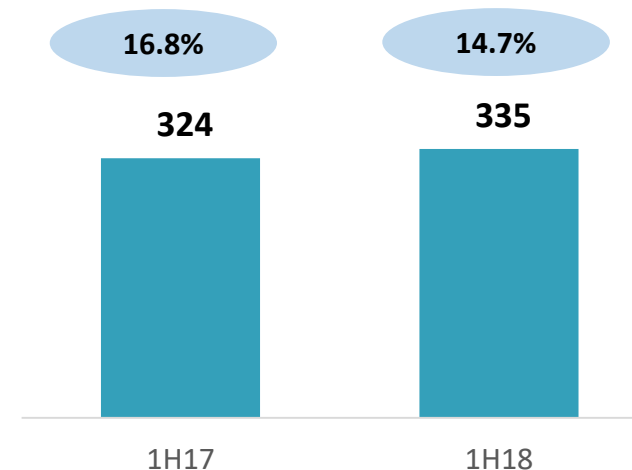
Selling and Marketing Expenses

as % of total revenue, total amount in RMB mm



General and Administrative Expenses

as % of total revenue, total amount in RMB mm



Financials: Profitability

(RMB' 000)	1H17	1H18	YoY
EBITDA	266,045	415,406	56.1%
<i>Margin %</i>	<i>13.8%</i>	<i>18.2%</i>	
Adjusted EBITDA⁽¹⁾	348,436	491,152	41.0%
<i>Margin %</i>	<i>18.1%</i>	<i>21.5%</i>	
Operating profit	234,214	567,365	142.2%
<i>Margin %</i>	<i>12.2%</i>	<i>24.9%</i>	
Non-GAAP operating profit ⁽²⁾	334,412	515,630	54.2%
<i>Margin %</i>	<i>17.4%</i>	<i>22.6%</i>	
Profit for the period	213,489	504,313	136.2%
<i>Margin %</i>	<i>11.1%</i>	<i>22.1%</i>	
Non-GAAP profit for the period ⁽³⁾	302,842	482,247	59.2%
<i>Margin %</i>	<i>15.7%</i>	<i>21.1%</i>	

Notes:

- (1) Adjusted EBITDA is calculated by EBITDA (which is operating profit for the period less other gains, net and interest income, and plus depreciation and amortization expenses) for the period plus share-based compensation and one-off listing expenses.
- (2) Non-GAAP operating profit is defined as operating profit for the period adjusted by share-based compensation, net (gain) from investee companies, amortization of intangible assets resulting from acquisitions, one-off listing expenses and impairment provision for intangible assets.
- (3) Non-GAAP profit for the period is defined as profit for the period adjusted by share-based compensation, net (gain) from investee companies, amortization of intangible assets resulting from acquisitions, one-off listing expenses and impairment provision for intangible assets.

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Thank You