

Cheetah Mobile, Inc.

Second Quarter 2018 Results
August 20, 2018



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- **Overview**
- Quarterly Highlights
- Business Review & Financials
- Business Guidance

Total Revenues Exceeded High-End Guidance Profits and Margins Continued to Improve

(RMB, million)	2Q18	% of Revenue	YoY
Total Revenues	1,103		-8%
Utility Products and Related Services	756	69%	-8%
Mobile Entertainment	333	30%	-10%
Content-driven Product	194	18%	-11%
Mobile Game	139	13%	-9%
Others	14	1%	42%
Gross Profit	752	68%	2%
Operating Profit	128	12%	93%
Net Profit	197	18%	180%

Non-GAAP*

Gross Profit	752	68%	1%
Operating Profit	143	13%	58%
Net Profit	211	19%	124%

*Non-GAAP = GAAP + share-based compensation expenses

02

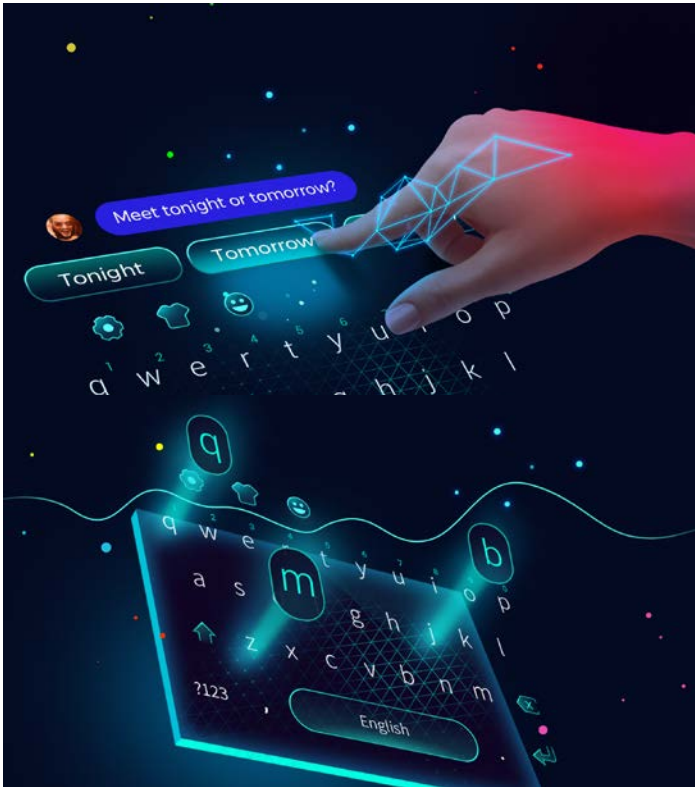
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Clean Master's DAU in China Exceeded 30 million Revenues from Mobile Utility Products in the Domestic Market Grew Substantially

- **We have increased our focus on the domestic market.**
 - Unified our domestic and international mobile utility products team to service global markets.
 - Replicated initiatives proven to be effective overseas, into our domestic market strategy.



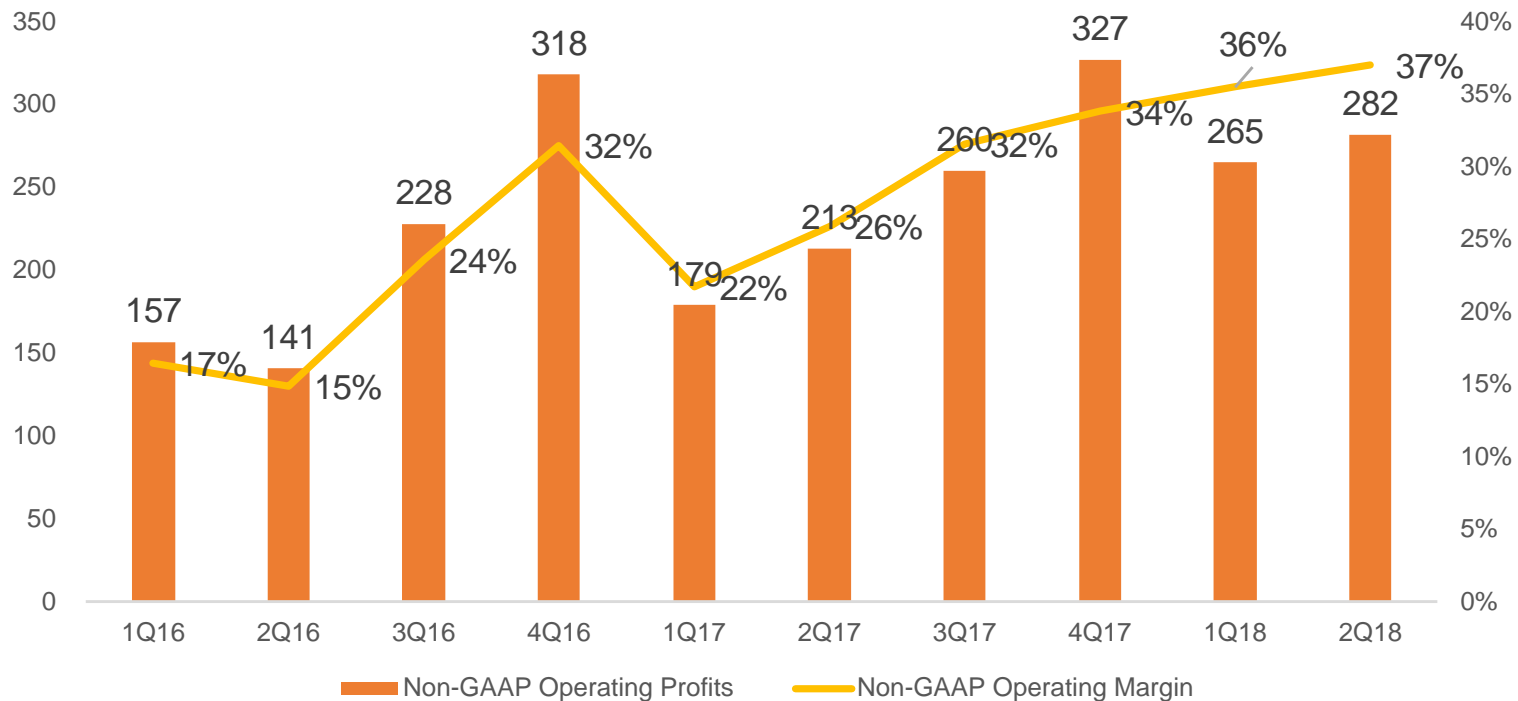
Monetization of Cheetah Keyboard



- In the overseas market, we have implemented several initiatives to monetize Cheetah Keyboard and have seen encouraging initial results.
- Cheetah Keyboard has accumulated more than 10 million DAU through organic growth.

Utility Products Business Continued to Earn Strong Profits and Cash Flow

RMB, million



The margin expansion was due to:

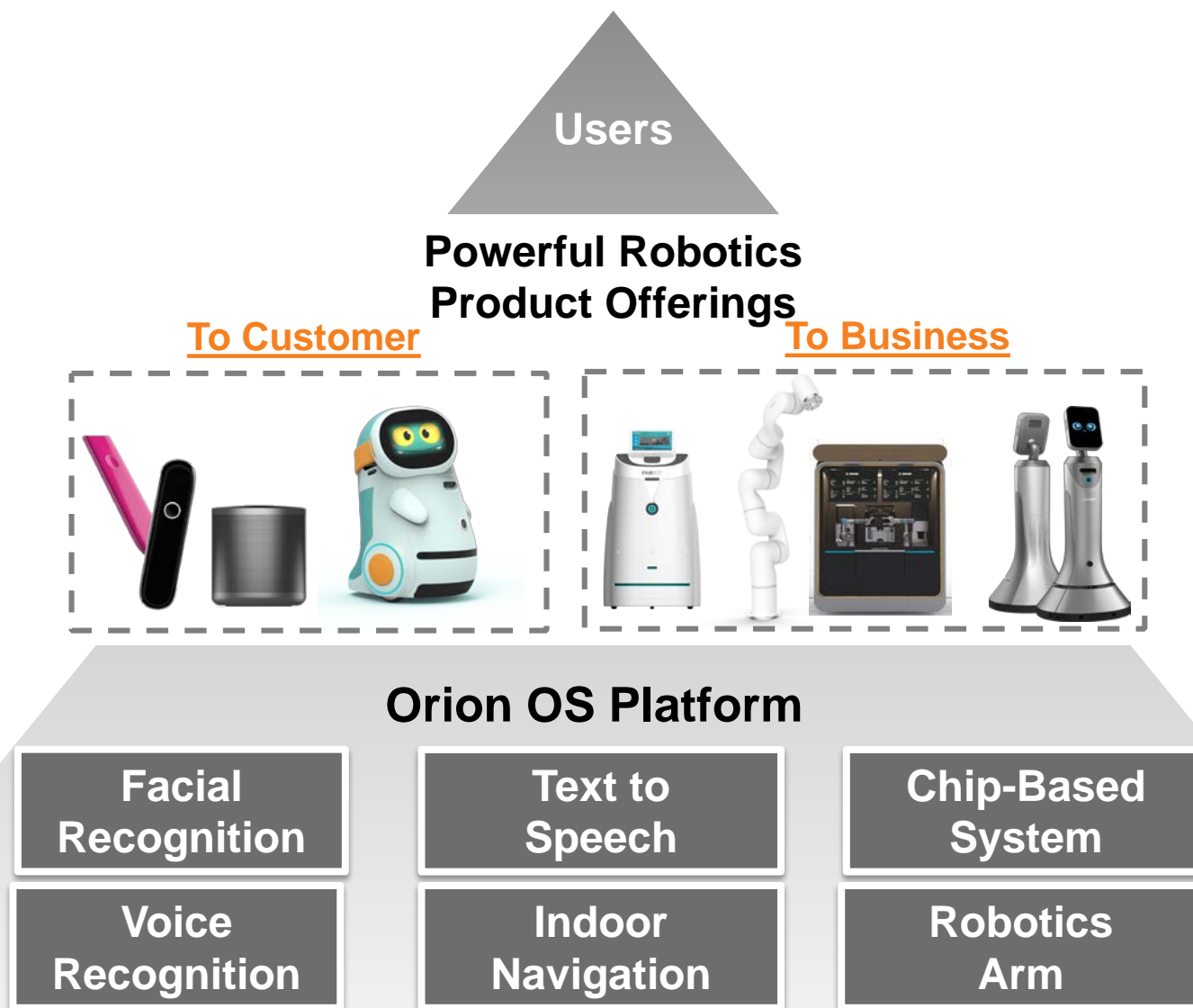
- our strategy to increase this segment's profitability by optimizing its cost and expense structure,
- the increase in revenue from our mobile utility product business in China

Our Existing Game Portfolio Has Continued to Achieve Solid Performance



- Leverage popular third-party content to encourage in-game purchases.
 - In the quarter, we added a new level to Dancing Line, Piano Tiles 2 and Rolling Sky based on Alan Walker's popular song, Faded, which has attracted a lot of active players and allowed us to convert many of them into paying users.
- The profitability of our mature games continues to increase, due to our strong operating leverage.

Jointly Launched Robotic Products Powered by Orion OS – An Open Platform Developed by Beijing OrionStar



Cheetah Translator is An AI-based Translator – Developed by Cheetah Mobile

Leveraged Cheetah Mobile's expertise in customer-driven product experience, and Beijing OrionStar's AI capabilities.



- Released Cheetah Translator in China in July at an affordable price of approximately US\$40.
- An extremely user-friendly one-button design that can automatically identify the language being spoken and translate it into the target language.
- Supports four languages: English, Chinese, Japanese, and Korean.
- Distribution Channel: available on multiple e-commerce platforms such as JD.com and Tmall.com.

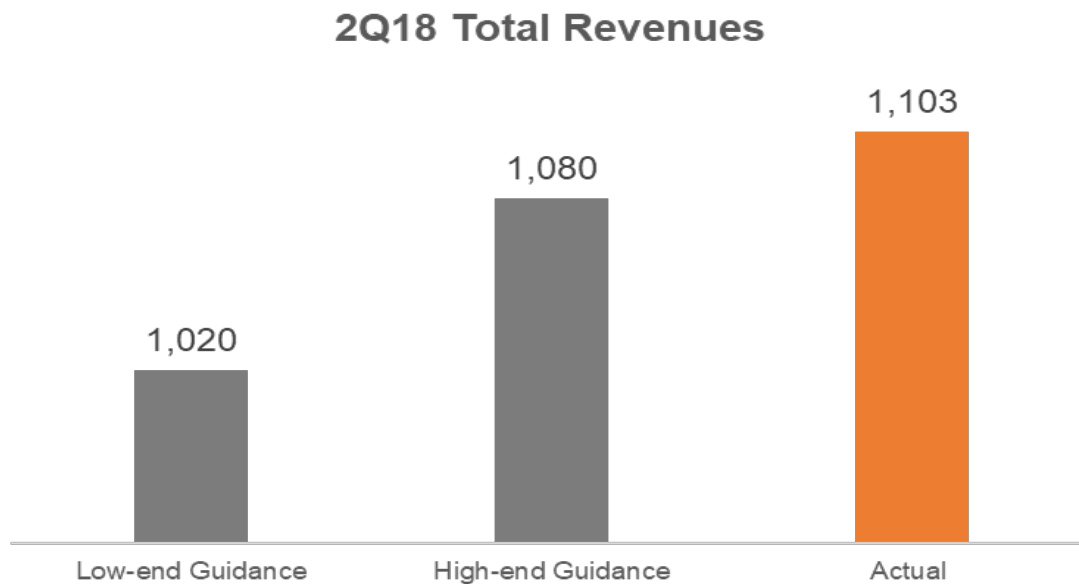
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Quarterly Revenue

RMB**1,103** million (US\$167 million)

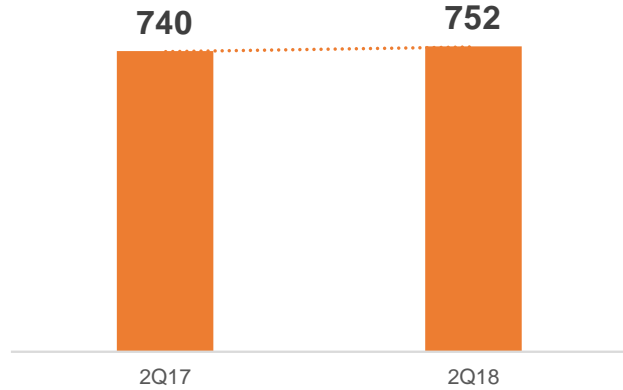
- beating our high-end revenue guidance by 2%



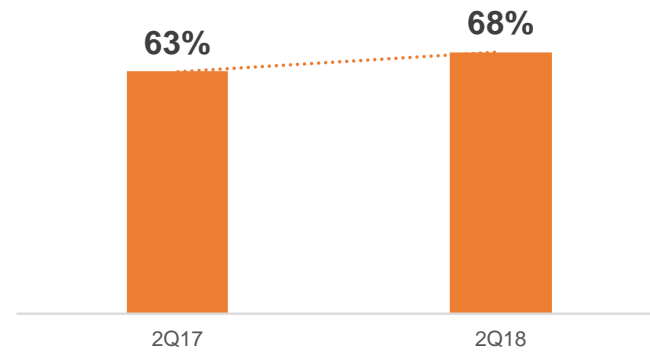
Improving Profitability

(RMB, million)

Gross Profit

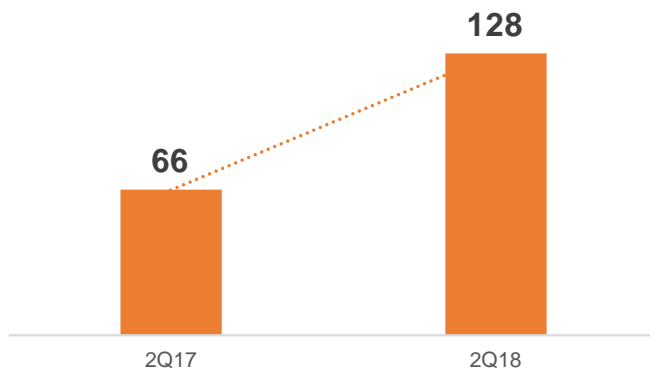


Gross Margin

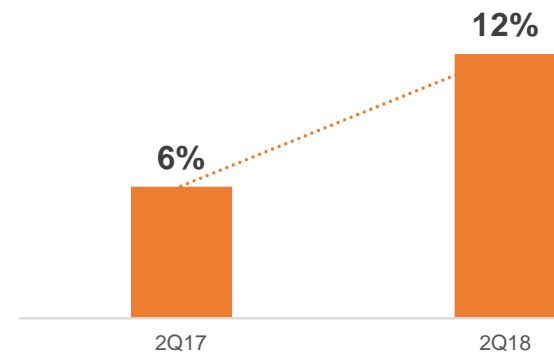


(RMB, million)

Operating Profit



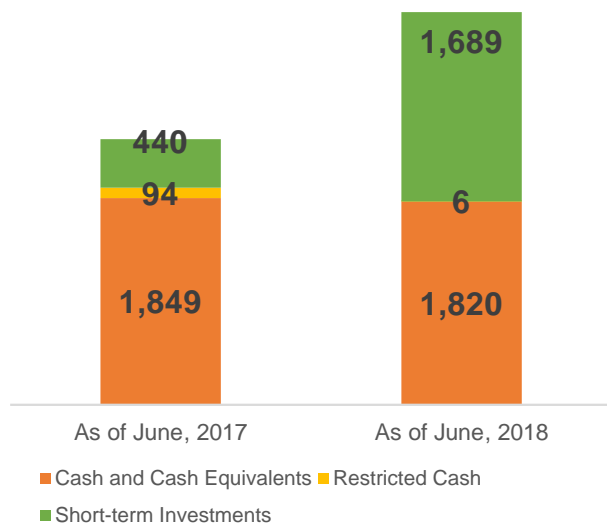
Operating Margin



Strong Balance Sheet

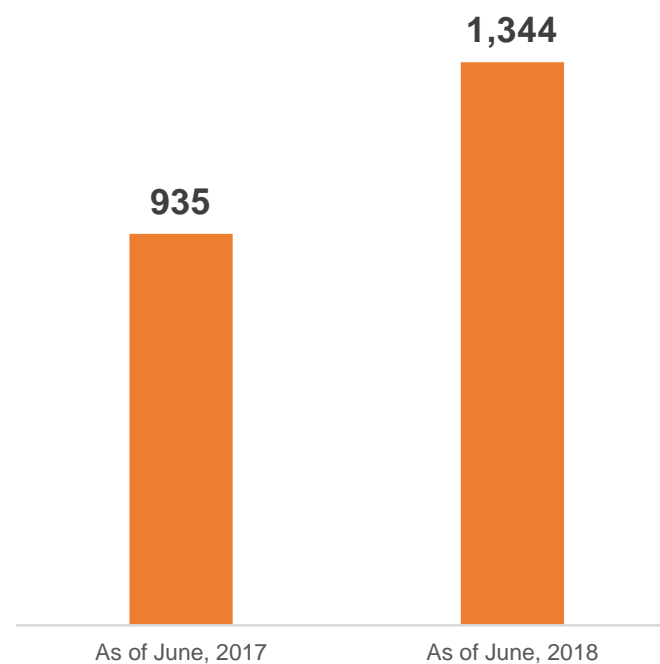
(RMB, million)

Cash, Cash Equivalents, Restricted Cash and Short-term Investments



(RMB, million)

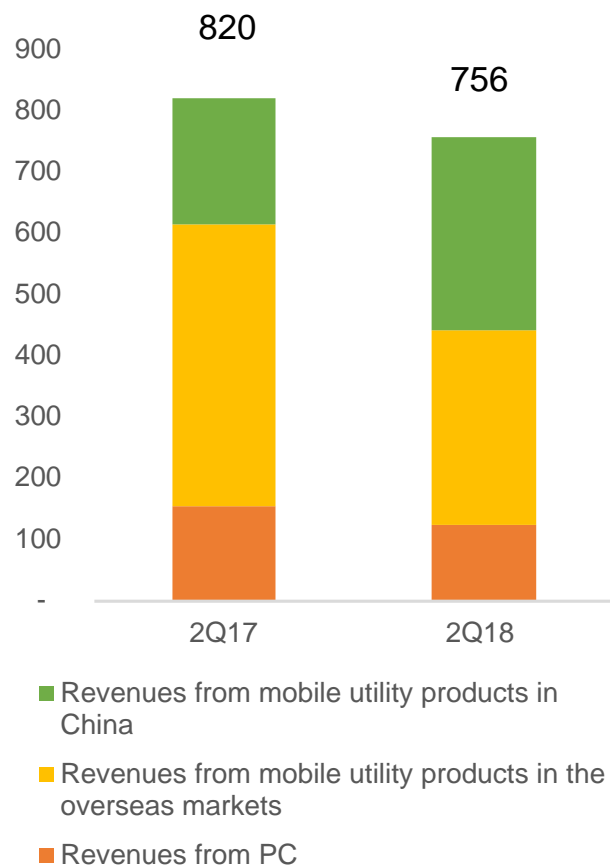
Long-term Investment



Utility Products Business Remained Healthy

Revenues from Utility Product and Related Services

(RMB, million)

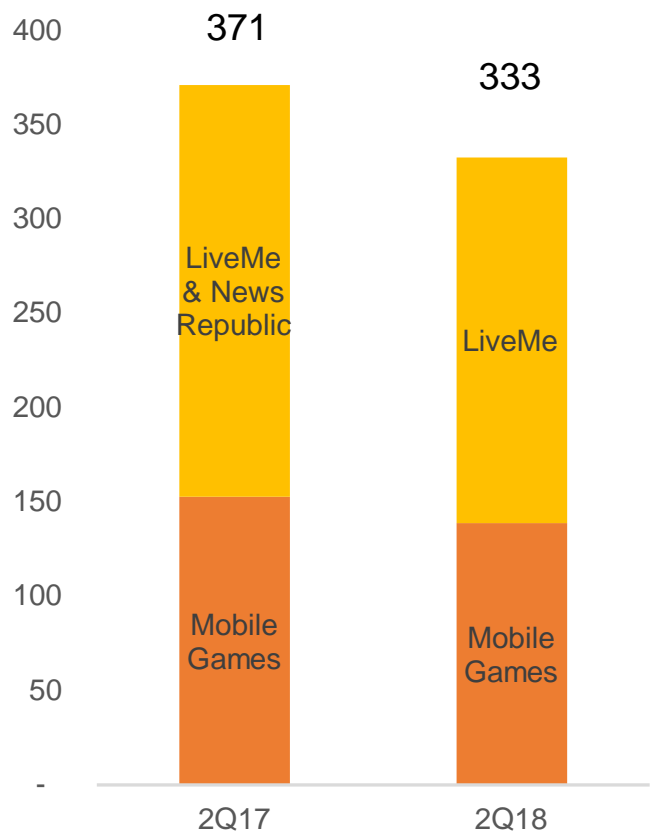


- Revenues from the utility products business decreased by 8% year over year to RMB756 million. This decline was due to:
 - (i) a decline in mobile utility products revenue in the overseas markets as Facebook and Google have discontinued the usage of ads on mobile phone lock screens since May 2017 and January 2018, respectively, and,
 - (ii) a decline in PC revenues.
 - (iii) we have regained some lost revenues by creating new and innovative ad spaces within our apps.
 - (iv) The robust growth of our mobile utility products in China has also largely offset the weakness in the overseas market. This growth was driven by an increase in both impressions and eCPM.

Revenues from Mobile Entertainment Business

Revenues from Mobile Entertainment Business

(RMB, million)

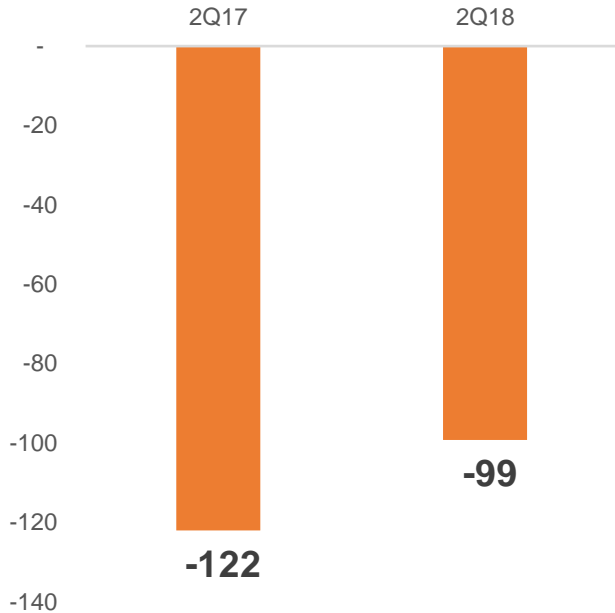


- Revenues from our mobile entertainment business decreased by 10% year over year to 333 million, due to:
 - Mobile game business decreased by 9% year over year to RMB139 million, from a temporary delay in the release of new titles.
 - Live.me decreased year over year due to the year over year depreciation of US dollar against RMB in 2Q18 as most of the revenues generated by Live.me were recognized in US dollars then reported in RMB.
 - We disposed of News Republic in 4Q17.

Losses for the Mobile Entertainment Business Reduced

Non-GAAP Operating Profits for the Mobile Entertainment Business

(RMB, million)



- The reduced losses were due to:
 - Reduced cost and expenses for the News Republic business as we disposed of the operation in 4Q17.
 - The reduced losses were partially offset by our increased investments in the Live.me operation.

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2018 Q3 Total Revenue Guidance:

RMB1,290 – RMB1,350 million (US\$195 – 204 million)

representing a year-over-year increase of 10% to 15% and a quarter-over-quarter increase of 17% to 22%

Thank you!

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