Fu Sheng: Thank you, Helen. Hello, everyone. In the quarter, our utility product business continued to face headwinds due to an unfavorable macro environment in both overseas and domestic markets.

In overseas markets, the recent global business environment has brought some difficulties to Chinese enterprises in the process of going abroad. Still, we continue to face challenges that resulted from the misleading statements made by a third party last November.

We have not yet resumed business relations with Facebook, despite an independent review of these misleading statements by outside counsel from Skadden Arps and the use of Facebook’s pre-approved independent data auditing firm, AlixPartners. This audit did not identify any
information inconsistent with our previous disclosures.

In the domestic market, we continue to see softer-than-expected ad demand due to macro headwinds. Additionally, handset makers have increasingly integrated mission-critical features for cleaning, security, and battery management into their operating systems.

The impact from our external operating environment on our business is more significant than we expected. We expect these headwinds to continue affecting our business in the short term. In spite of these short-term challenges, Cheetah Mobile remains fundamentally strong.

In the third quarter of 2019, revenues from our mobile entertainment business grew by 7% year-over-year to RMB532 million, and the revenues from our AI-related business grew by 88% year-over-year to RMB35 million. Despite the challenge of sustaining revenue growth for our utility product business, we still earned almost RMB353 million in revenue and more than RMB24 million in operating profit from this business in the quarter.

In the quarter, we continued to implement cost control measures for both our utility product business and our mobile entertainment business. During the quarter, costs and expenses for our utility product business and our mobile entertainment business were reduced by almost 12% year-over-year.

In the third quarter, we began to experiment with several new channels to acquire users and monetize our traffic in the overseas markets. While this will still take some time, we have already seen some encouraging results.

In addition, we began to introduce several new premium features within our existing utility products and games for users to subscribe to. The initial results have been very encouraging. Our user subscription model diversifies our revenue sources, particularly in the overseas markets, where we do not have a direct sales team for our ad business.

The decline in operating profit in this quarter was largely attributable to our increase in investments for AI, which amounts to roughly RMB140 million in the quarter and a one-time non-cash asset impairment of about RMB60 million.

In the third quarter of 2019, we amended LiveMe’s share incentive plan to give LiveMe’s current management team more flexibility and incentive to run the business independently in an increasingly competitive market environment. As a result, Cheetah Mobile will no longer hold the majority voting power in LiveMe and will not consolidate LiveMe's financials from 4Q 2019.

We are confident in LiveMe’s management team and believe they will lead the team to execute its long-term growth strategy. Cheetah Mobile will in turn benefit from LiveMe’s growth as a major shareholder. Besides, as LiveMe generated the majority of the loss for our mobile entertainment segment in the past, our margins for the segment and at the corporate level will gain a structural lift starting in the fourth quarter of 2019.

Importantly, Cheetah Mobile has a very strong balance sheet. As of September 30, 2019, we had net cash of US$337 million and long-term equity investments of US$348 million, which includes Bytedance, WIFI Master, Codemao, and other well-known assets, in which we made early-round
investments.

In the future, we will continue to use our cash to grow our business. At the same time, we will look at capitalizing our private investments and using these funds for business development and shareholder returns.

Overall, we remain confident that our utility product business and mobile game business will resume their growth. As a result, we will continue to invest in our AI-related business to build long-term growth for Cheetah Mobile.

Our AI-related business made substantial progress in terms of consumer adoption and user engagement in the quarter. Our AI business is a joint effort with Beijing OrionStar. Our service robots, which are powered by our proprietary voice and visual interactive technologies, have now been used in many places, such as shopping malls, museums, schools, and subways.

Our service robots cover more than 20 industries, service more than 800 enterprise customers, and having attracted users to use more than 130 million times. In addition, daily voice queries from our robots have recently surpassed 2 million. As more enterprise customers adopt service robots, we believe service robots will become the next traffic gateway in the post-smartphone era.

As of today, we are already one of the largest service robot providers in China. And we are confident in both growing our market share and ability to become a market leader in the coming quarters.

In the third quarter, Beijing OrionStar signed a series B funding agreement with an outside investor. At the same time, Cheetah Mobile will also fully exercise its warrant in Beijing OrionStar. We expect the deal to close by the end of November.

Post-transaction, Cheetah Mobile will remain a major shareholder of Beijing OrionStar. Importantly, this transaction will give us more flexibility in the execution of our AI strategy, as it will take time for us to educate customers, build business models, and generate material revenues from our AI business. However, we do believe we are on the right track, and the development of 5G technology will speed up this process.

At the same time, our experience in developing tool-based consumer products, our knowledge of how the Internet works, and our sophisticated voice and visual interactive technologies will enable us to capture the opportunities going forward.

With that, we will now turn the call to our CFO, Vincent Jiang, to go through the details of our third quarter financial results.

Vincent Jiang: Thanks, Mr. Fu Sheng, and hello, everyone. I will now walk you through the details of our third quarter financial results.

Vincent Jiang: Thanks, Mr. Fu Sheng, and hello, everyone. I will now walk you through our financial results. Unless stated otherwise, all money amounts are in RMB and all growth comparisons are made on a year-over-year basis.

For the third quarter, total revenues decreased by 32% to RMB920 million. Revenues from our mobile entertainment business increased by 7% to RMB532 million. Mobile game revenues
increased by 4% to RMB297 million, driven by the boost in popularity of Bricks n Balls, which we launched in early 2018. LiveMe revenues increased by 11% to RMB235 million, primarily driven by higher average revenue per paying user.

Revenues from utility products and related services decreased by 58% to RMB353 million in the third quarter of 2019, primarily due to the slowdown in our mobile utility business in the overseas market. Headwinds in the domestic online advertising market also affected our mobile utility product business in China.

Moving to our costs and expenses, to help facilitate the discussion of the Company’s operating performance without the effect of non-cash share-based compensation expenses, the following discussion will be on a non-GAAP basis, which excludes stock-based compensation expenses. For financial information presented in accordance with U.S. GAAP, please refer to our press release, which is available on Cheetah Mobile’s website at www.cmcm.com.

Cost of revenues decreased by 4% to RMB366 million in the third quarter of 2019 due to reduced costs associated with our utility product business, which were partially offset by the increases in channel costs related to our mobile games business and other costs associated with our AI business.

Gross profit in the third quarter of 2019 decreased by 43% to RMB554 million, and gross margin was 60%, compared to 72% in the same period last year.

R&D expenses increased by 27% to RMB212 million in the third quarter of 2019, primarily due to increased R&D personnel for our mobile games and AI-related businesses, offset by a decrease in the number of personnel for our utility products and related services.

Selling and marketing expenses decreased by 30% to RMB397 million in the third quarter of 2019. This decrease was mainly due to reduced promotional activities for our utility products and related services business, which was partially offset by the increased marketing expenses for our mobile games business.

G&A expenses increased by 78% to RMB167 million in the quarter, which was primarily due to the one-time asset impairment charges, increases in employee benefits, and other administrative expenses.

Non-GAAP operating loss was RMB222 million for the third quarter of 2019, compared to a non-GAAP operating profit of RMB154 million in the same period last year.

Moving to each reporting segment, operating profit for utility products and related services was RMB24 million in the quarter, a decrease from RMB264 million in the third quarter of last year, mainly due to decreased revenues, and a one-time increase in allowances for doubtful accounts as the Company periodically reviews its accounts receivable and other receivables.

Operating loss for the mobile entertainment business was RMB142 million in the quarter, an increase from RMB74 million in the third quarter of last year, mainly due to increased amount of investment made into our mobile games business as we continued to launch new titles.
Operating loss for AI and other business was RMB103 million in the quarter, an increase from an operating loss of RMB36 million in the third quarter of last year, mainly due to the additional amount of investments made into our AI-related business.

LiveMe amended its share incentive plan on September 30, 2019. As a result, we no longer held the majority voting power in LiveMe and we deconsolidated LiveMe’s financial results from September 30, 2019.

Now, let me provide you with our fourth quarter revenue guidance. We currently expect total revenues for the fourth quarter to be between RMB610 million and RMB650 million. This amount has reflected the fact that LiveMe’s revenue will no longer be included in the Company’s revenues.

Please note this forecast reflects the Company’s current and preliminary review and is subject to change.

This concludes our prepared remarks. Operator, we are now ready to take questions. Thank you.

Questions and Answers

Operator: We will now begin the question-and-answer session. (Operator Instructions). Hillman Chan of Citigroup.

Hillman Chan: (Speaking Foreign Language). So my first question is on fourth quarter guidance. Could management provide more greater color on the guidance for fourth quarter for the mobile entertainment, mobile games and related products?

And my second question is on the product roadmap for the AI products. Could management share more color related to that, and how we should think about the monetization and profitability for the AI products going forward? Thank you very much.

Vincent Jiang: This is Vincent. I will take the first question. Regarding the guidance for the fourth quarter, first of all, we want to point out that LiveMe's revenue is no longer included in the guidance. So you can see a substantial decrease in amount compared to last quarter and previous quarters.

And secondly, in terms of the utility products and mobile entertainment, which is now just games now, and currently, we expect that both the utility products and games will have a slight decrease in the fourth quarter, which is mainly because for the utility product, we still see a soft reaction in our advertisers and the softness in the general for our 3 products.

And for the game business, we do have a large pipeline, and we are promoting new games in various channels. But since those new games haven't really picked up the momentum yet, so the fourth quarter will be relatively soft. But we do hope that by next year, we will see significant
increase in the mobile games business.

Sheng Fu: (Speaking Foreign Language).

Vincent Jiang: Okay. Let me interpret now.

(Translated). So our Q4 guidance is quite conservative from our point of view. For example, as I just mentioned, we do have new games in the pipeline. We are promoting those games, but we haven't count a considerable amount of revenue contribution from those new games that have been reflected in our guidance.

And also, we are taking a conservative stance because in our earlier call, we mentioned that the overseas revenues and overseas business partners still haven't resumed the business relationship with us. And the impact that has caused is actually much more significant than we originally expected. That is why we are -- again, we are trying to be more conservative in our guidance.

Sheng Fu: (Speaking Foreign Language).

(Translated). Okay. There are two aspects on the business. First of all, in terms of the Cheetah Mobile GreetBot, which is a product we have been selling to business and enterprise, and this is a relatively longer term process because we are not selling to the consumers; we're selling to enterprises, where the decision process is longer than the selling to the consumers. We do have seen some transactions in which the enterprise has been coming back to us. We have seen recurring orders from those enterprises. And we hope that by next year, we will see a more meaningful increase in this part of sales for our robotic products.

For the second part, we have been experimenting and exploring a new business model, which we have been placing thousands of robots in a lot of shopping malls. And those robots will provide some kind of inquiry to the customers in those shopping malls. And those shopping malls all have large foot traffic and we are trying to experiment a new advertising model for which to monetize the ad inventory through the large traffic, for the volume of traffic.

Sheng Fu: (Speaking Foreign Language).

(Translated). So the AI technology actually involves many different aspects of technologies, and upstream-downstream is a long value chain. In terms of making AI products and providing related internet services and providing the type of experience that an enterprise customer would want is actually a very challenging job. And for us, we have been able to -- we do have -- along the value chain, we do have our full suite of technologies. So in terms of the customer experience to our enterprise customers, we do believe that we are in a leading position in the industry.

Hillman Chan: Thank you.

Operator: Thomas Chong of Jefferies.

Unidentified Analyst: (Speaking Foreign Language). This is Maggie asking on behalf of Thomas, and thank you for taking my questions. I have two questions. Could management provide some colors on utilities and entertainment 2020 outlook, and any colors on revenue
contribution of AI initiative in 2020, that would be helpful. Thank you very much.

Sheng Fu: (Speaking Foreign Language).

(Translated). Okay. In some of the utility products, honestly, the challenges we are facing in this quarter is beyond our expectation. And as we said earlier, the user acquisition channels in the overseas markets and in the domestic market, we are all facing some issues in those channels. But we still think that next year, we do have growth potential here because we are rolling out new products, and we are exploring new channels. And for example, in our PC business, which is our kind of traditional business, and many people think that there will be continued decline in PC related business, but what we have seen today is that that part of business has been stabilized.

And I also want to add a point that, for example, for our PC business, one of the new products we have provided is actually the previous premium model, which is the user will subscribe for membership fees; and in return, they will have all the services provided by our products and without having to bother with ads.

And this is kind of a reverse of the recent year’s trends in internet, especially in mobile internet companies because previously, all the utility products and also the safety-related products was a paid model. And then of course, when the industry evolves, that model has been overthrown and replaced by the total free model supported by advertising industry and advertising budgets. But now, we tried back to the previous model using the user subscription model, and we found that actually, with the current generation of users, that model is very receptive to our users. So that's just one example.

And now, let me go back to the interpretation about the second part of Mr. Fu Sheng Fu’s interpret -- excuse me -- the second part of our answer, which is about the AI business. And for that, we are very confident about -- because as we mentioned earlier, our product is very competitive when we are comparing the other player in this industry. And if you think about a macro environment, we can see a lot of customers and our business partners coming to us, order custom-made products to serve their users. Okay. Well, thank you.

Operator: Robert Cowell of 86 Research.

Robert Cowell: (Speaking Foreign Language). My question is about the warrant. After exercising the warrant, what is our shareholding percentage gonna be in Beijing OrionStar? And then also in our cooperation with Beijing OrionStar, how do we split up the work? What areas are Cheetah investing in, and what areas does Beijing OrionStar invest? Thank you.

Sheng Fu: Hello, Robert, I will take the first question. After the exercise of the warrant, and also with the new round of Series B financing, Cheetah Mobile will still have a -- will still be the largest shareholder of OrionStar. But it will no longer be the -- well, it will not be the controlling shareholder of OrionStar, just merely because of the dilution by the new investment. But it will remain the largest one.

(Speaking Foreign Language).

(Translated). Okay. The relationship between Cheetah Mobile and OrionStar is as follows. First
of all, for some of the products, such as Cheetah GreetBot, Cheetah Mobile is the exclusive distributor for OrionStar. So that will sell the product to its customers, mainly to the business customers. And there will be some profit-sharing arrangements between the two companies.

And for the other part, OrionStar will provide the hardware and the basics or the lower-level AI capabilities. And Cheetah Mobile will develop the high-level applications and also will be responsible for the implementation and deployment in the actual usage scenario. So it is kind of like Cheetah Mobile is developing mobile apps for Android-operated phones. Okay.

Operator: (Operator Instructions). This concludes our question-and-answer session. I would like to turn the conference back over to Helen Zhu for any closing remarks.

Helen Zhu: Thank you all for joining us today. If you have any further questions, please do not hesitate to contact us. Thank you so much. Bye.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.