

The background is a vibrant pink. On the right side, there is a large, white wireframe illustration of a human head in profile, facing right. The head is composed of a grid of lines. Scattered across the background are several overlapping circles in various shades of pink, purple, and blue. The word "meitu" is written in a white, lowercase, sans-serif font, centered horizontally and partially overlaid by the wireframe head.

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Management Presentation

Disclaimer

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This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. 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 realised in future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Furthermore, this announcement also contains statements based on the Group'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.

Strategy and business model

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A New Strategy in A New Decade

Beauty and Social Media

Provide users with continuous satisfaction



Meitu community growth target

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Significant growth in page view on community

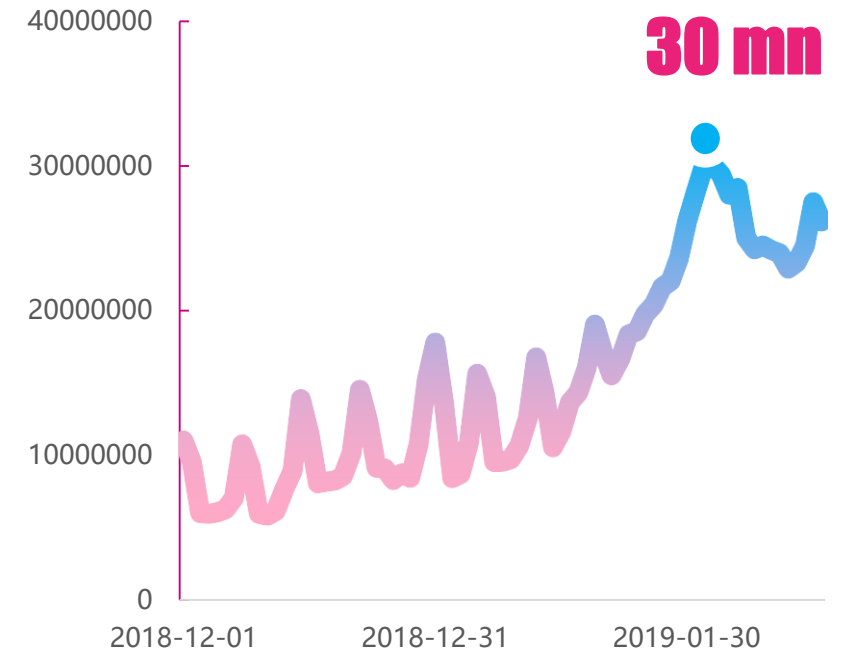
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500_k

**Daily user-generated
content upload in Dec
2018**

8 bn

**Accumulated impression
in Dec 2018**



Daily PV trend

Various content categories on community

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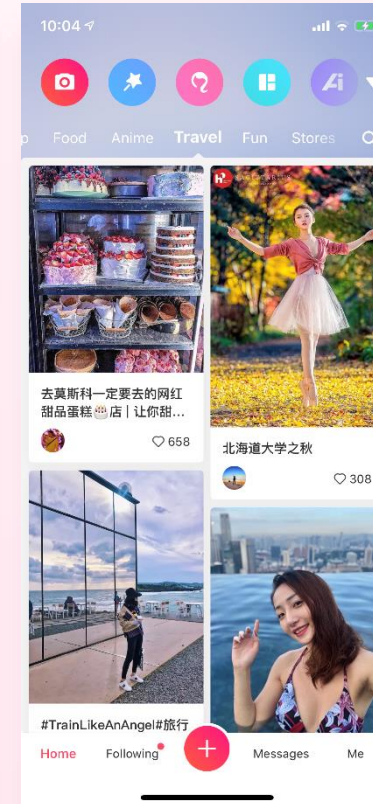
Make-up



Food



Anime



Travel



Fun

New ad format- MEITUGENIUS

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AR

Enabling physical cosmetics stores to offer virtual make-ups, facial analysis, skin test, and make-up recommendations through Meitu's AR technology



Improve sale efficiency and channel online to offline stores

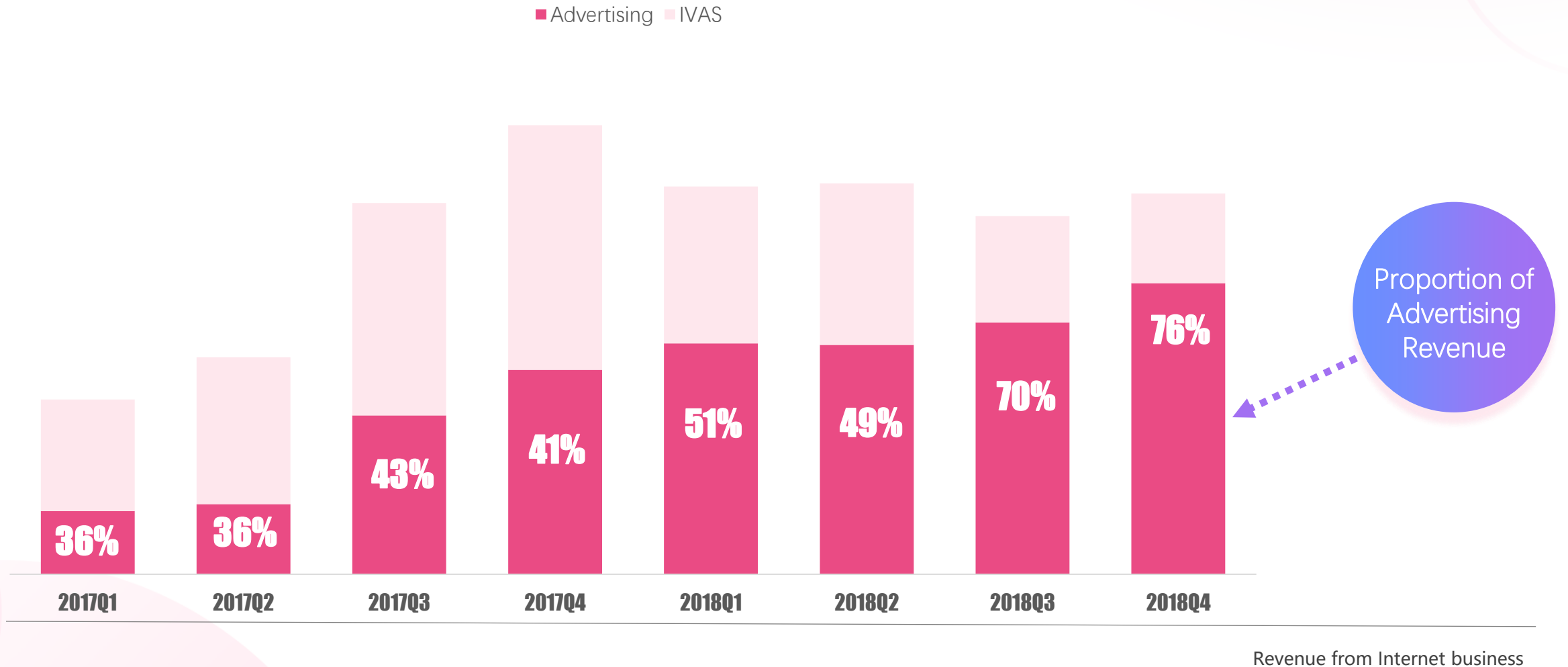


Pilot clients: Sephora, Clarins, Shiseido, Make Up For Ever, DFS, Dolce & Gabbana Beauty



Advertising is the main revenue driver

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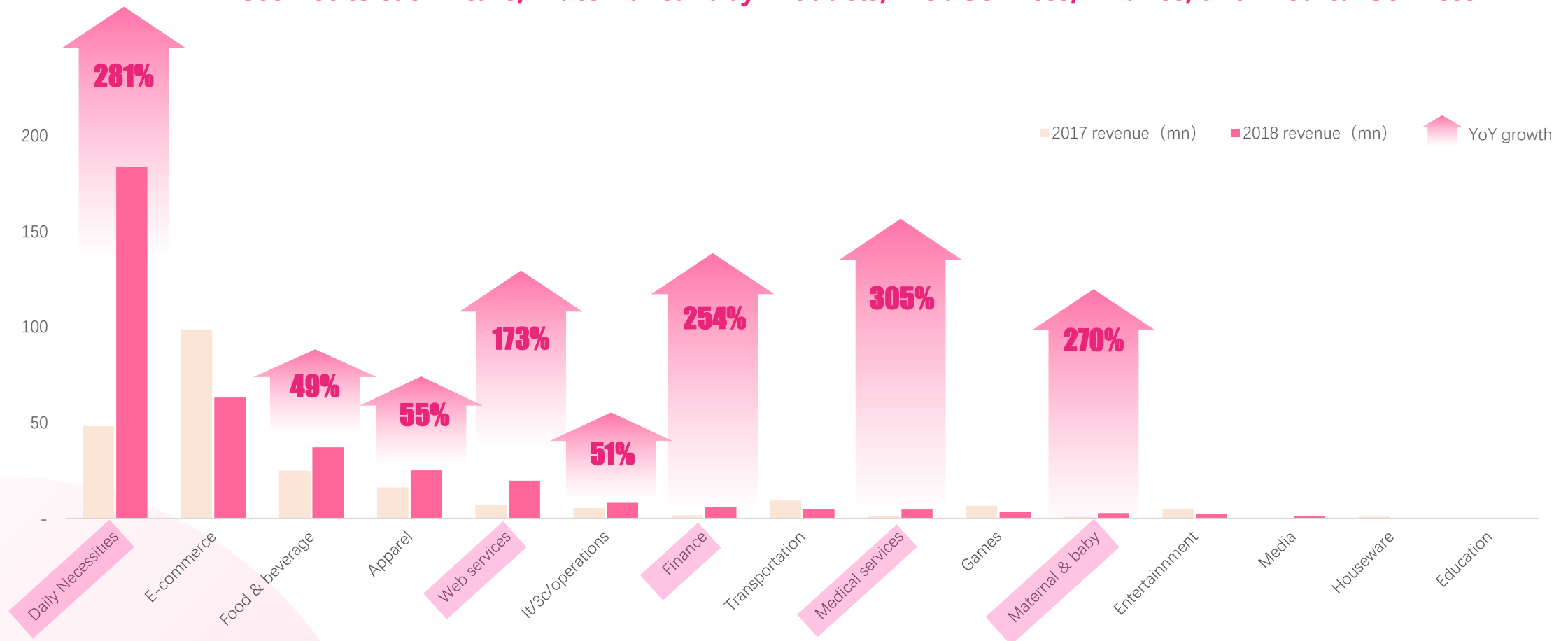


China KA advertising revenue distribution by verticals

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Verticals with the highest revenue growth rate for 2018:

Cosmetics & skincare, Maternal & Baby Products, Web Services, Finance, and Medical Services



Average revenue per advertiser ("ARPA")

The average revenue from repeat advertisers (domestic KA business) reached RMB 2.51 million, a yoy increase of 44%

2018 new and repeat advertiser revenue contribution

Advertisers (brand)	2018 Number of advertisers		2018 ARPA (m)	2018 advertising revenue	
	Number of customers	Proportion(%)		Revenue (m)	Proportion(%)
Repeat Advertisers	91	39%	2.51	288	63%
New Advertisers	144	61%	0.93	134	37%
TOTAL	235	100%	1.54	362	100%

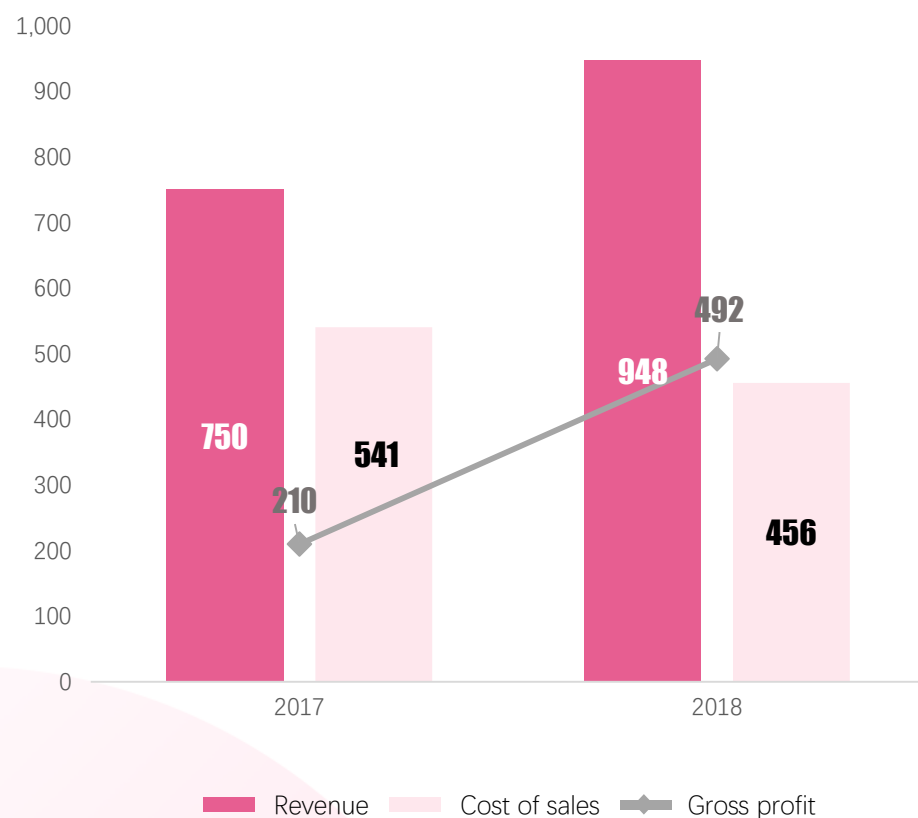
Results Review

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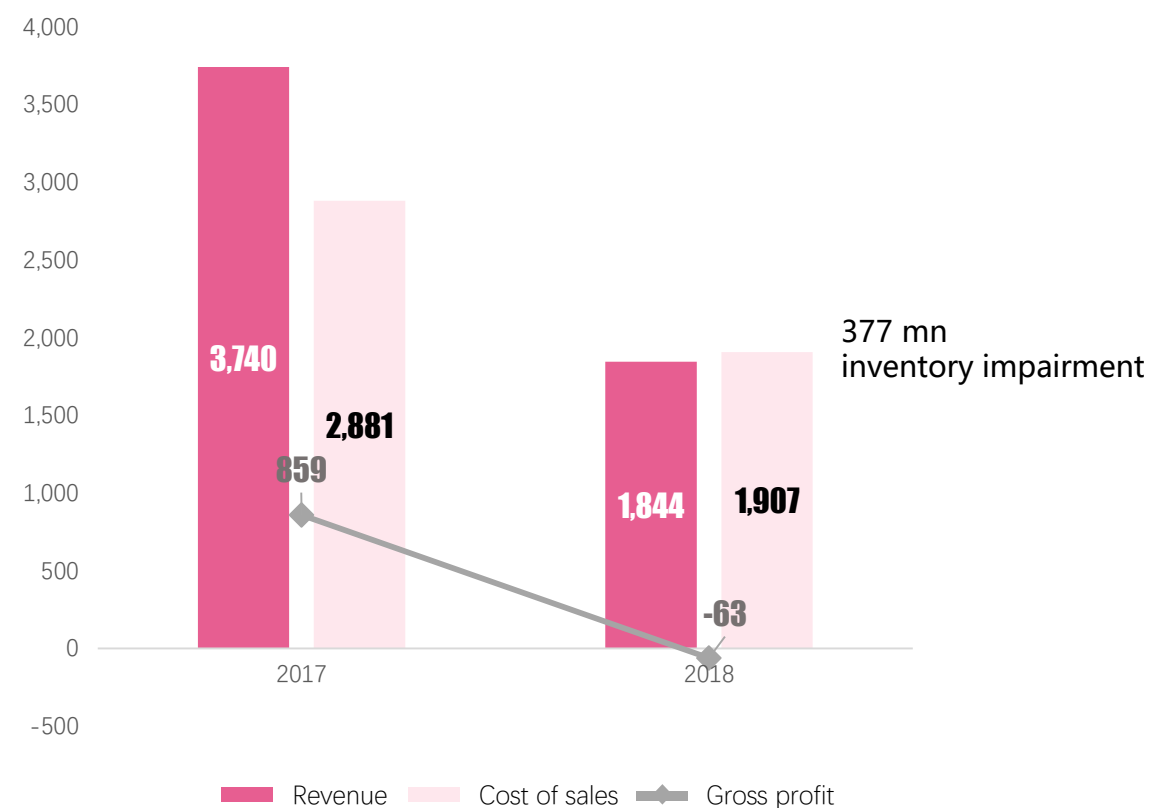
Gross profit (RMB in millions)

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Internet business

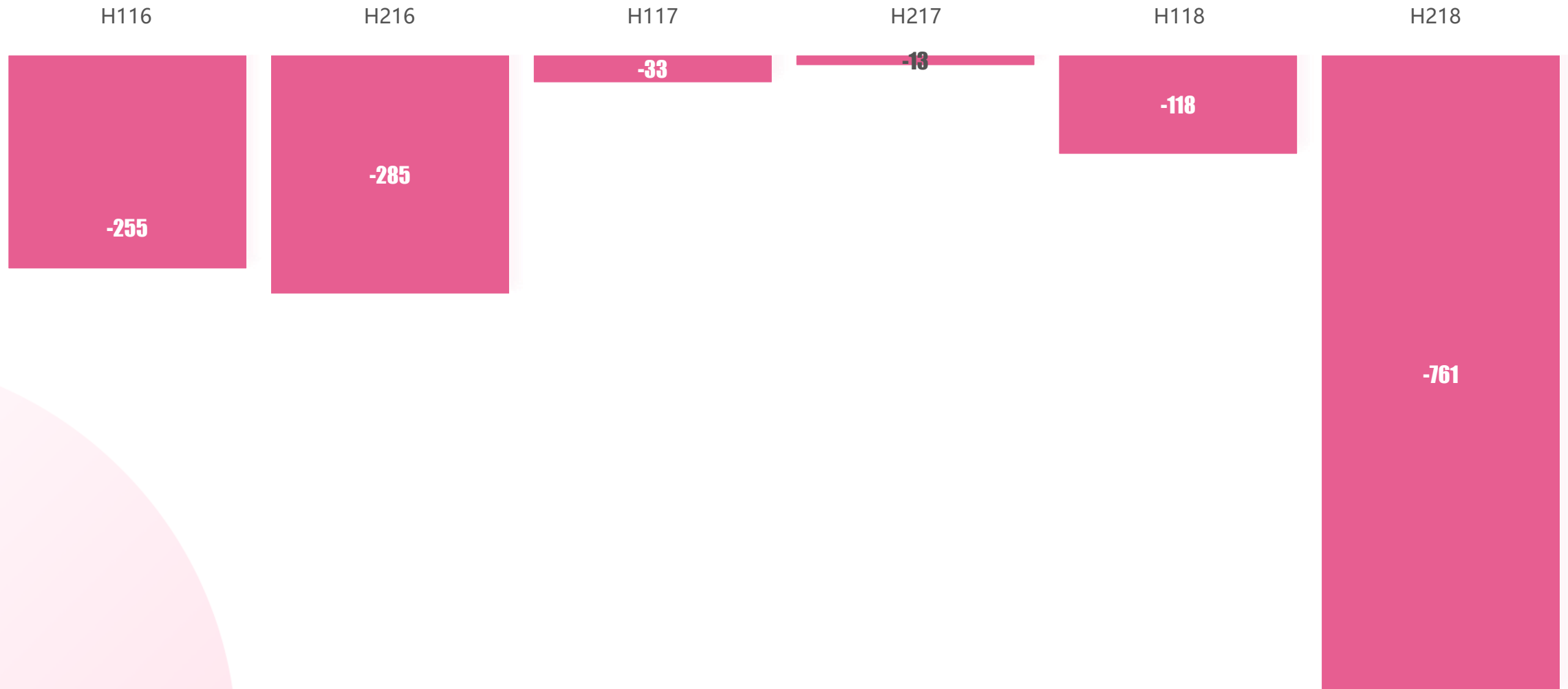


Smart hardware



Adjusted net profits/losses (RMB in millions)

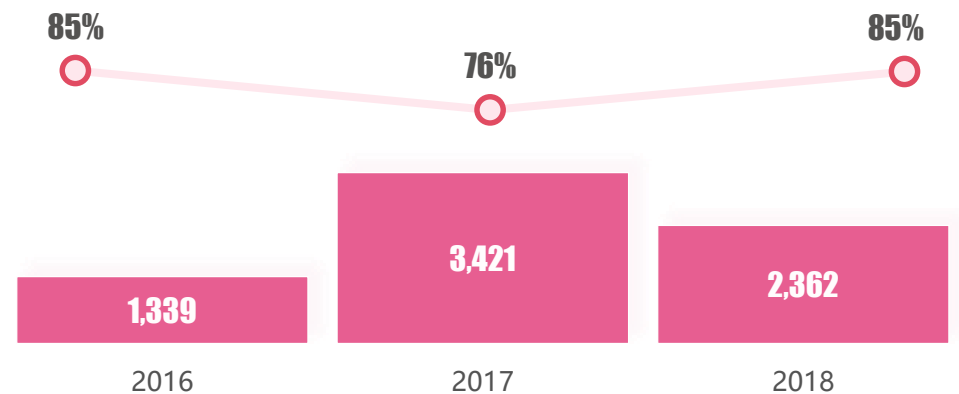
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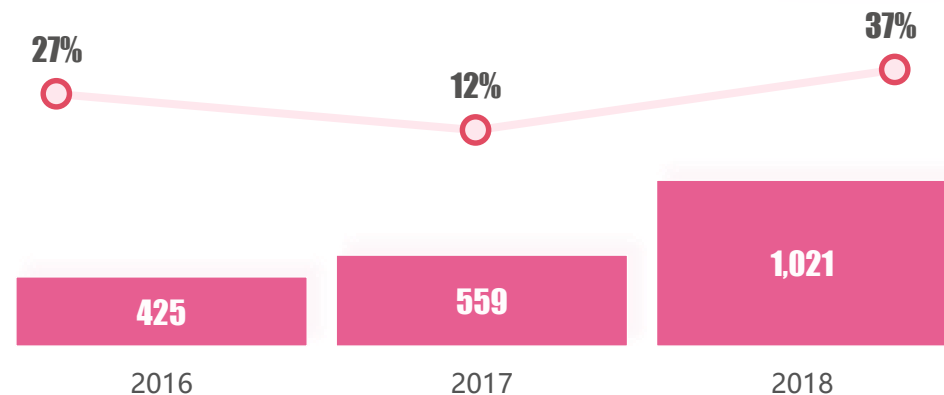
Cost of revenue and expenses (RMB in millions)

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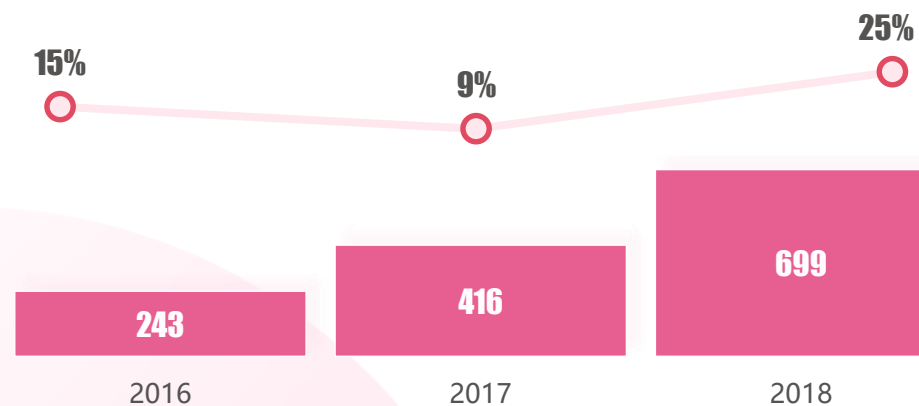
Cost of revenue



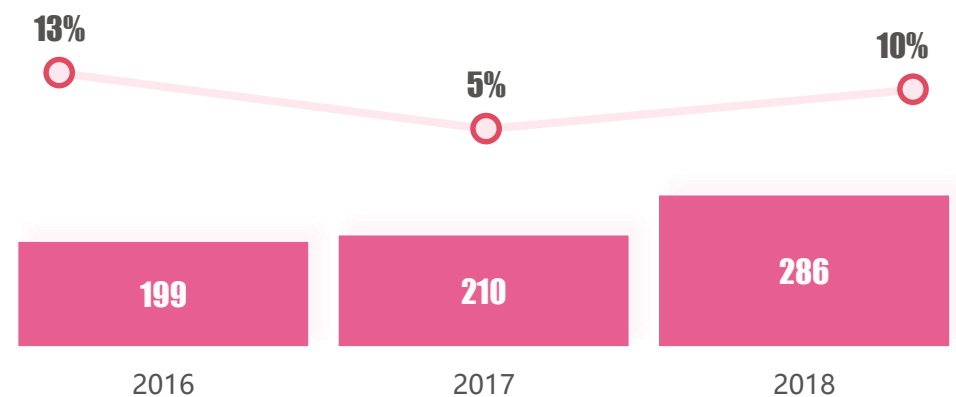
S&M



R&D



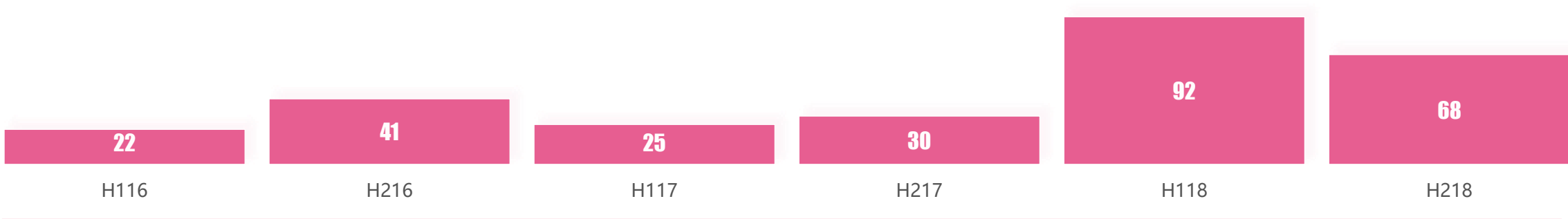
G&A



Capital expenditure and cash position(RMB in millions)

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Capital expenditure



Cash position



Appendix

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Profit & Loss

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	Year ended December 31, 2018 RMB'000	Year ended December 31, 2017 RMB'000
Revenue	2,791,459	4,490,376
Cost of sales	(2,362,134)	(3,421,255)
Gross profit	429,325	1,069,121
Selling and marketing expenses	(1,020,801)	(559,197)
Administrative expenses	(285,721)	(210,451)
Research and development expenses	(699,232)	(415,803)
Other income	40,711	49,364
Other gains/(losses), net	483,365	(47,248)
Finance income, net	39,565	99,664
Share of (losses)/profits of associates accounted for using the equity method	(3,382)	16
Loss before income tax	(1,016,079)	(14,536)
Income tax expense	(27,234)	(63,568)
Loss from continuing operations	(1,043,313)	(78,102)
(Loss)/profit attributable to:		
- Owners of the Company	(1,254,537)	(197,324)
- Non-controlling interests	11,471	-
Adjusted Net (Loss)/Profit from continuing operations for the year	(879,089)	(66,080)
Loss per share (expressed in RMB per share)		
- Basic	(0.30)	(0.05)
- Diluted	(0.30)	(0.05)

Balance sheet

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	December 31 2018 RMB'000	December 31 2017 RMB'000
ASSETS		
Non-current assets		
Property and equipment	153,061	91,898
Intangible assets	203,305	21,298
Long-term investments		
-Investments accounted for using the equity method	16,540	28,415
-Financial asset at fair value through profit or loss	547,178	280,863
-Financial assets at fair value through other comprehensive income	7,296	-
-Available-for-sale financial assets	-	6,534
Prepayments and other receivables	14,823	64,305
Deferred tax assets	1,203	9,784
	943,406	503,097
Current assets		
Inventories	359,439	658,416
Trade receivables	521,817	307,388
Prepayments and other receivables	569,784	160,182
Short-term bank deposits	2,161,908	3,774,807
Cash and cash equivalents	531,618	1,396,632
Restricted cash	1,000	1,000
	4,145,566	6,298,425
Total assets	5,088,972	6,801,522

Balance sheet (continued)

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	December 31 2018 RMB'000	December 31 2017 RMB'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	274	280
Share premium	7,040,940	7,679,137
Reserves	(168,766)	(263,065)
Accumulated losses	(3,031,751)	(1,774,312)
Non-controlling interests	119,233	-
Total equity	3,959,930	5,642,040
Liabilities		
Non-current liabilities		
Trade and other payables	137,977	-
Deferred tax liabilities	12,171	-
Current liabilities		
Borrowings	10,000	-
Contract liabilities	32,382	-
Trade and other payables	885,418	1,119,560
Income tax liabilities	51,094	39,922
	1,129,042	1,159,482
Total liabilities	1,129,042	1,159,482
Total equity and liabilities	5,088,972	6,801,522

Cash flow statement

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	Year ended December 31,	
	2018	2017
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	(1,996,957)	35,265
Net cash generated from/(used in) investing activities	1,802,159	(3,101,375)
Net cash used in financing activities	(638,667)	(31)
Cash and cash equivalents at the end of period	531,618	1,396,632

Non-IFRS Financial Measures Reconciliation

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	Year ended December 31,	
	2018	2017
	RMB'000	RMB'000
Loss from continuing operations for the year	(1,043,313)	(78,102)
Excluding:		
Share-based compensation	136,714	103,903
Changes in fair value of long-term investments	(85,174)	72,053
Gains on disposal of long-term investments	(353,142)	(31,774)
Remeasurement gains on investment in associates	(30,739)	-
Amortization of intangible asserts and other expenses related to acquisition	11,743	-
Losses/expenses related to business strategy restructuring	484,822	-
Adjusted Net (Loss)/Profit from continuing operations for the year	(879,089)	66,080