



## KINGSOFT ANNOUNCES 2015 INTERIM RESULTS

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### MOBILE REVENUE ACHIEVES SIGNIFICANT INCREASE STRONG GROWTH IN CLOUD SERVICES

#### Financial Highlights

RMB'000 (Unaudited)	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
<b>Revenue</b>	<b>1,282,240</b>	750,506	<b>2,391,600</b>	1,426,131
- Online Game	298,065	307,537	622,957	602,448
- Cheetah Mobile	843,809	353,595	1,490,363	646,442
- Office Software and Others	140,366	89,374	278,280	177,241
<b>Gross Profit</b>	<b>975,348</b>	634,221	<b>1,860,984</b>	1,203,233
<b>Operating Profit</b>				
- Before Share-based Compensation Costs	<b>159,737</b>	180,974	<b>355,618</b>	331,677
<b>Basic EPS (RMB cent)</b>	<b>7</b>	10	<b>17</b>	31

#### Operational Highlights

	For the Three Months Ended		
	30 June 2015	31 March 2015	30 June 2014
<b>Online Games</b>			
Daily Average Peak Concurrent Users	<b>607,571</b>	672,779	572,374
Monthly Average Paying Accounts	<b>3,438,493</b>	3,069,052	2,255,404
	In June 2015	In March 2015	In June 2014
<b>Cheetah Mobile</b>			
Mobile Monthly Active Users ("MAU") (Million)	<b>493.8</b>	443.6	284.3
% of Mobile MAU from Overseas Markets	<b>71%</b>	71%	67%
Mobile User Installations (Million)	<b>1,595.8</b>	1,340.5	662.2

(18 August 2015 – Hong Kong) **Kingsoft Corporation Limited** ("Kingsoft" or the "Company"; HKEx stock code: 03888), a leading Chinese software and Internet service company, has announced its unaudited quarterly and interim results for the three and six months respectively ended 30 June 2015.

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For the first half of 2015, revenue increased 68% year-over-year to RMB2,391.6 million. Revenue from the online game, Cheetah Mobile, and office software and other business represented 26%, 62% and 12%, respectively, of the Company's total revenue. Gross profit increased 55% year-over-year to RMB1,861.0 million. Operating profit before share-based compensation costs increased 7% year-over-year to RMB355.6 million.

For the second quarter of 2015, revenue increased 16% quarter-over-quarter and 71% year-over-year to RMB1,282.2 million. Revenue from the online game, Cheetah Mobile, and office software and other business represented 23%, 66% and 11%, respectively, of the Company's total revenue. Gross profit increased 10% quarter-over-quarter and 54% year-over-year to RMB975.3 million. Operating profit before share-based compensation costs decreased 18% quarter-over-quarter and 12% year-over-year to RMB159.7 million.

**Mr. Jun LEI, Chairman of Kingsoft**, commented, "The performance of our business lines in the first half of 2015 has demonstrated solid execution of our mobile, global, and 'All in Cloud' strategies. Our mobile MAU set another new record of 588.2 million in June 2015, a 71% increase year-over-year. Cheetah Mobile has achieved its mobile and global transformation goals with mobile revenue increasing to 66% of total revenue and overseas revenue improving to 51% of total revenue. Cheetah Mobile's progress clearly shows that it is well on its way to achieve its strategic objective to become one of the top three global mobile advertising platforms. We are also encouraged by the accelerating growth of our cloud services, building a strong game cloud alliance and deeper cooperation with intelligent hardware platforms. In order to explore the huge growth potential in the worldwide mobile internet and cloud business, we maintain our commitment to our investment strategies."

**Dr. Hong Jiang ZHANG, Chief Executive Officer of Kingsoft**, added, "We are pleased to announce strong and impressive top line growth in the second quarter of 2015, with revenue achieving a new record of RMB 1,282.2 million. Excluding the impact of share-based compensation, the operating profit margin for the second quarter was 12%, down 12 percentage points from the same period last year. The operating result is in line with our expectation and our heavy investment in the mobile and cloud business. The investment strategies would continue to have an impact on our performance for the year 2015 and we expect the operating profit margin might decline to single digit percentages in the coming quarters this year. We are delighted with the progress and are confident that these investments will generate long term shareholder value."

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## **BUSINESS REVIEW**

### **Online Game Business**

For the first half of 2015, the revenue from the online game business increased 3% year-over-year to RMB623.0 million, attributable to the stable revenue growth of JX Online III. By providing several innovative expansion packs a year, JX Online III has successfully attracted a growing community of users. For the second quarter of 2015, the revenue decreased 8% quarter-over-quarter and 3% year-over-year to RMB298.1 million due to the revenue decline of the existing traditional PC games.

The mobile game business has witnessed a significant breakthrough during the second quarter. The release of the 3D version of “Journey to the West: Conquering the Demons” has been well received and it was ranked among the top ten popular games on Xiaomi and iOS game platforms in July 2015. Prior investments in mobile games are expected to begin to generate a top line revenue contribution starting from the second half of 2015. The mobile games developed from the Company’s core IP, JX World and JX III, are to be tested in late 2015 and early 2016, respectively. The mobile game “Relics of Gods” is also prepared to be tested on a large scale in North America later this year.

### **Cheetah Mobile**

Revenue from Cheetah Mobile surged 131% year-over-year to RMB1,490.4 million for the first half of 2015. In the second quarter of 2015, the revenue increased 31% quarter-over-quarter and 139% year-over-year to RMB843.8 million. The quarter-over-quarter and year-over-year increases were mainly attributable to revenue growth from mobile advertising business in both overseas and domestic markets, driven by substantial improvements in its global mobile monetization capabilities, and, to a lesser extent, the additional revenue contributed by the MobPartner business, which was recently acquired in 2015.

Mobile MAU from Cheetah Mobile increased 11% quarter-over-quarter and 74% year-over-year to 493.8 million in June 2015, approximately 71% from overseas markets. During the second quarter, Cheetah Mobile continued to improve its mobile and global monetization capability. Mobile revenue rose 57% quarter-over-quarter and overseas revenue increased 68% quarter-over-quarter, which were driven by a continued ramp-up of its mobile advertising business, especially in the overseas markets. Cheetah Mobile’s mobile and global monetization capabilities have benefited from its strong partnerships with key global Internet giants like Facebook, Google and Tencent. In addition, Cheetah Mobile launched its advertising platform in June 2015, further improving its global monetization capabilities. Going forward, Cheetah Mobile will continue to invest decisively to solidify its leading position as a global traffic platform.

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### **Office Software and Others**

For the first half of 2015, the revenue from the office software and other business increased 57% year-over-year to RMB278.3 million. Revenue in the second quarter rose 2% quarter-over-quarter and 57% year-over-year to RMB140.4 million. The strong top line increase was mainly due to the revenue contribution from cloud storage and cloud computing services, and the enhanced monetization capabilities on free user traffic of WPS Office.

To capture the rapidly evolving cloud market in China, the Company has further consolidated its competitive advantages in cloud storage and cloud computing services. During the second quarter, Kingsoft Cloud has successfully introduced Hero Entertainment, Changyou, Perfect World, SkyMoons, and Youzu as key clients in its mobile game cloud alliance. It has also launched cloud distribution, storage acceleration and integration for mobile video services, expanding its capability into the video industry. Kingsoft Cloud has extended its cooperation with Xiaomi intelligent hardware platform and ecosystem, further expanding its customer base in the second quarter of 2015. Kingsoft Cloud is also engaged in strategic cooperation with Peking University Healthcare and Kingdee to explore opportunities in enterprise services and healthcare markets.

The global MAU of the WPS family reached nearly 169 million in June 2015, with WPS Office mobile MAU nearly 74 million, a 48% increase year-over-year. To solidify its leading position as an office solution provider in China and to capture the rapidly-expanding enterprise markets, the Company has released “WPS+ Cloud Office” products across platforms with enhanced features like mail services, cloud documents, business contacts, instant messaging and other more value-added services to provide a one-stop cloud office solution. During the second quarter, the Company also established strategic cooperation with Seeyon and Baidu to provide simple and reliable mobile office solutions. WPS Office was awarded as “Top Developer” and “Editor Choice” by Google Play in July 2015.

“We have had a sound and promising first half of 2015. All of the business lines are well on their way to achieve our strategic objectives. We will continue to invest aggressively in our core business and key strategic focus in the coming quarters to capture the outstanding opportunities in the global mobile internet and cloud businesses.” concluded **Mr. Jun LEI**.

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## **About Kingsoft Corporation Limited (Stock Code: 3888)**

Kingsoft is a leading Chinese software and Internet services company listed on the stock exchange of Hong Kong. It has four subsidiaries including WestHouse, Cheetah Mobile, WPS and Kingsoft Cloud. Following the implementation of its “mobile internet transformation” strategy, Kingsoft has completed the comprehensive transformation of its overall business and management models and formed the “3+1” business cluster, a strategic platform with interactive entertainment, Internet security and office software as the pillars and cloud computing as the new growth driver and source. The Company has approximately 5,500 staff around the world. It has set up R&D centers and offices in Beijing, Zhuhai, Chengdu, Dalian, Guangzhou and Hong Kong and enjoys a large market share overseas in North America, Europe, Japan and Malaysia. In addition to PC desktop products, the Company has launched mobile products such as Clean Master and mobile WPS Office targeting the mobile internet market. These products rank number one in their respective categories in the global market.

For more information, please visit [www.kingsoft.com](http://www.kingsoft.com).

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