

JD.com, Inc.

Financial and Operational Highlights

March 2018



JD.COM 京东



Disclaimer

The following presentation has been prepared by JD.com, Inc. ("JD" or the "Company") solely for informational purposes and should not be construed to be, directly or indirectly, in whole or in part, an offer to buy or sell and/or an invitation and/or a recommendation and/or a solicitation of an offer to buy or sell any security or instrument or to participate in any investment or trading strategy, nor shall any part of it form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities or otherwise.

This presentation does not contain all relevant information relating to the Company or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of the Company. Nothing contained in this document shall be relied upon as a promise or representation as to the past or future performance of the Company. Past performance does not guarantee or predict future performance.

You acknowledge that any assessment of the Company that may be made by you will be independent of this document and that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of the Company.

This document contains certain statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1953, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the Company's future financial or business performance, strategies or expectations. These statements typically contain words such as "expects" and "anticipates" and words of similar import. Any statement in this document that is not a statement of historical fact is a forward-looking statement and involves known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. There can be no assurance that the results and events contemplated by the forward looking statements contained herein will in fact occur. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the document. The Company also cautions that forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time and which may be beyond the Company's control. The Company assumes no duty to and does not undertake to update any forward-looking statements to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This document also contains non-GAAP financial measures, the presentation of which is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with accounting principles generally accepted in the United States of America. In addition, the Company's calculation of these non-GAAP financial measures may be different from the calculation used by other companies, and therefore comparability may be limited. The reconciliation of those measures to the most comparable GAAP measures is contained within this document or available at our website <http://ir.jd.com>.

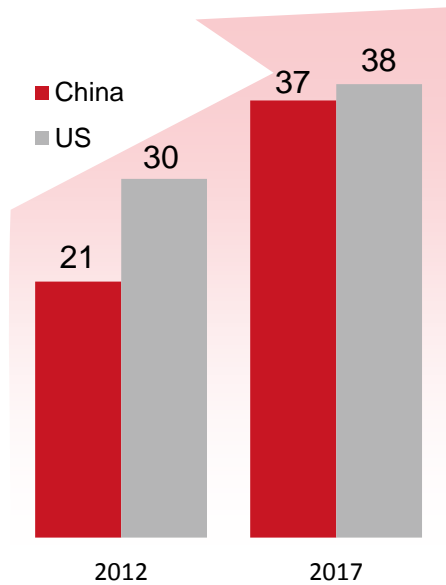
This document speaks as of December 31, 2017. Neither the delivery of this document nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

Fragmented Retail Market & Rapid Shift to Online

Robust Growth in China Retail ...

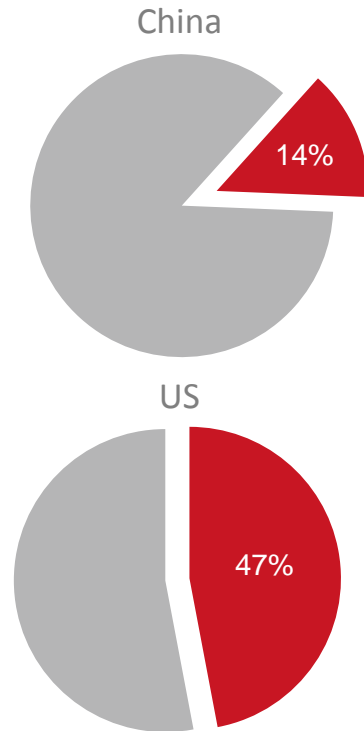
China Total Retail
Market Size ⁽¹⁾
(RMB Trillions)

11.3%
2012 –17 CAGR



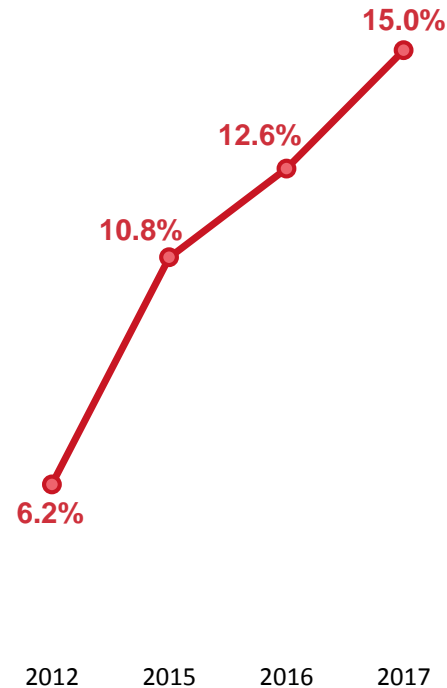
... Yet Highly Fragmented ...

Top 20 Retailers'
Market Concentration in 2017 ⁽²⁾



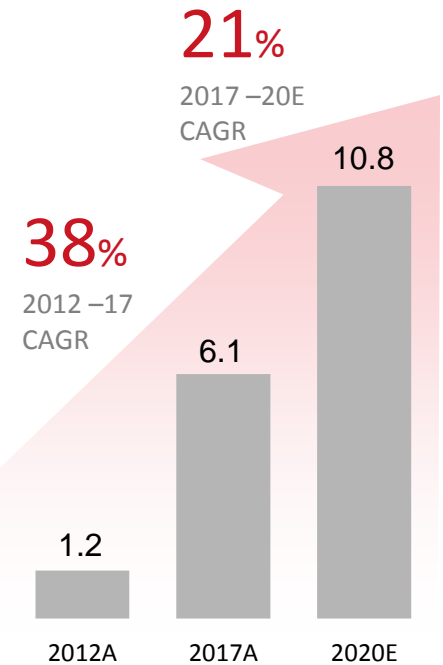
... With Increasing Online Penetration ...

China Online Retail
Penetration ⁽³⁾



... Leading to Significant Online Growth

China Online Retail
Market Size ⁽⁴⁾
(RMB Trillions)



(1) Source: National Bureau of Statistics of China, and U.S. Census Bureau. Total retail consumption includes food services. US consumption is translated into RMB using the year-end foreign exchange rates, which were 6.2301 for 2012, and 6.5063 for 2017, respectively.

(2) Source: Euromonitor 2017. Concentration for China retail market excludes pure platform operators.

(3) Source: National Bureau of Statistics of China. Online retail penetration is calculated as online physical goods consumption divided by total retail consumption.

(4) Source: iResearch, 2017. Market size in terms of GMV.

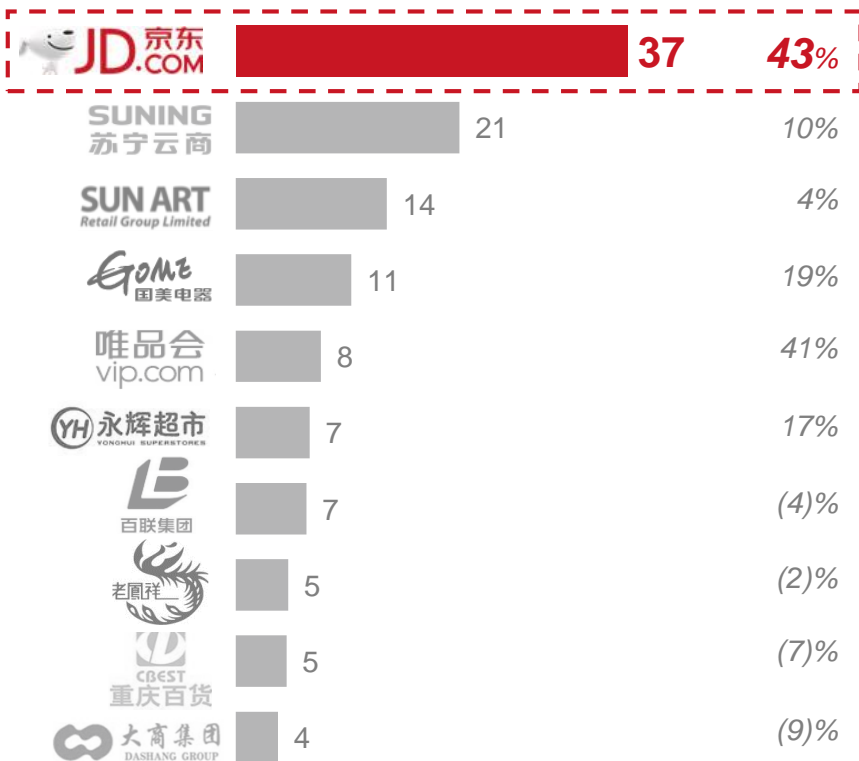
Larger Growth Potential and Smaller Competitors (vs. US Market)

Top 10 Listed Retailers in China ⁽¹⁾



(Net Revenue in US\$ bn)

YoY
Growth

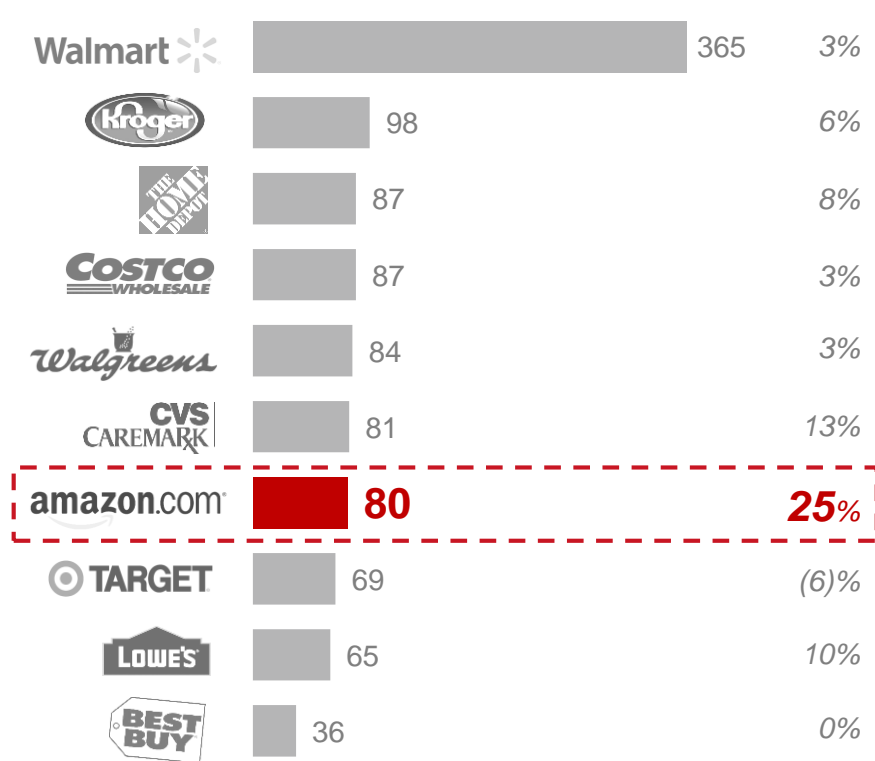


Top 10 Listed Retailers in US ⁽²⁾



(Net Retail Sales in US\$ bn)

YoY
Growth



Market leadership and operating efficiency allows everyday low price and margin expansion potential, driven by economies of scale and cost advantage.

(1) Source: company filings. Based on total net revenues for top 10 listed Chinese retailers in FY2016. The conversion of RMB into US\$ is based on the noon buying rate in The City of New York for cable transfers in RMB per US\$ as of December 31, 2016, which was RMB6.9430 to US\$1.00. The year-over-year revenue growth rates were calculated based on revenues in RMB. Net Revenue for JD includes discontinued operations.

(2) Source: company filings. Based on retail sales in the United States or North America segments of top 10 listed US retailers, for fiscal year ended 31 Jan 2017 for Walmart, 28 Jan 2017 for Kroger, 29 Jan 2017 for Home Depot, 28 Aug 2016 for Costco, 31 Aug 2017 for Walgreens, 31 Dec 2016 for CVS Caremark and Amazon, 28 Jan 2017 for Target, 3 Feb 2017 for Low's, and 28 Jan 2017 for Best Buy.

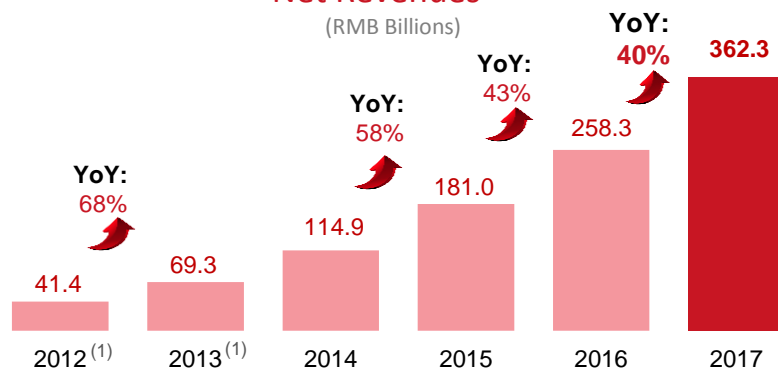
Financial and Operational Highlights



Growth Momentum and Margin Expansion

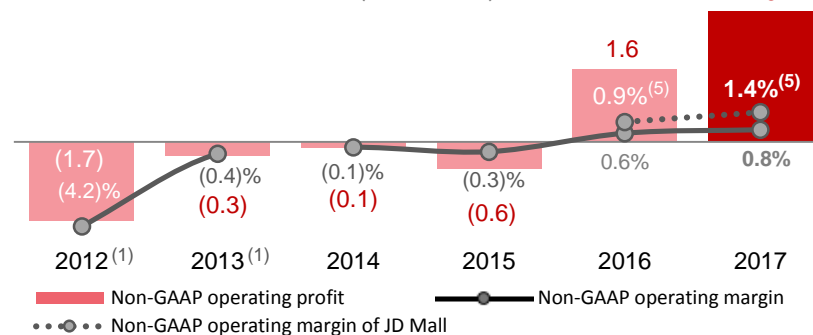
Net Revenues ⁽¹⁾

(RMB Billions)



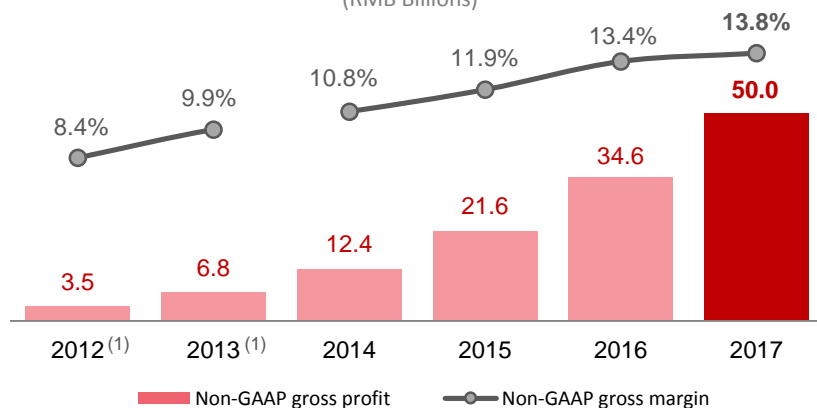
Non-GAAP Income/(Loss) from Operations ⁽³⁾

(RMB Billions)



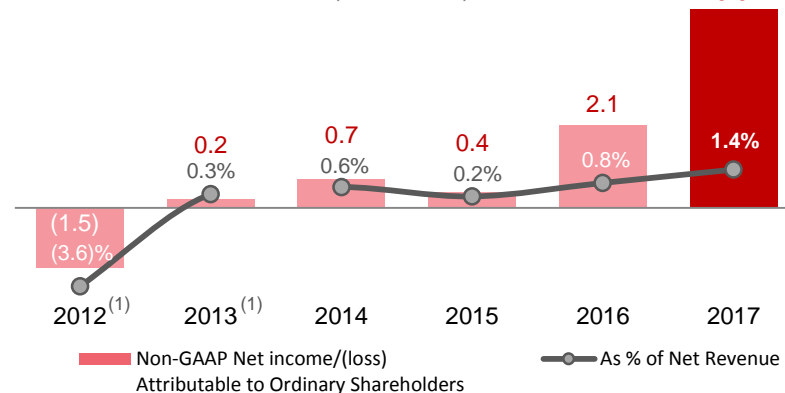
Non-GAAP Gross Profit ⁽²⁾

(RMB Billions)



Non-GAAP Net Income/(Loss) Attributable to Ordinary Shareholders ⁽⁴⁾

(RMB Billions)



(1) Data for 2012 and 2013 include discontinued operations and are before logistics cost reclassification. All other periods are from continuing operations and after logistics cost reclassification.

(2) Non-GAAP gross profit is defined as the difference of net revenues and cost of revenues excluding revenue from business cooperation arrangements with equity investees and share-based compensation included in cost of revenues.

(3) Non-GAAP income/(loss) from operations is defined as income/(loss) from operations excluding share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, revenue from business cooperation arrangements with equity investees, and impairment of goodwill and intangible assets.

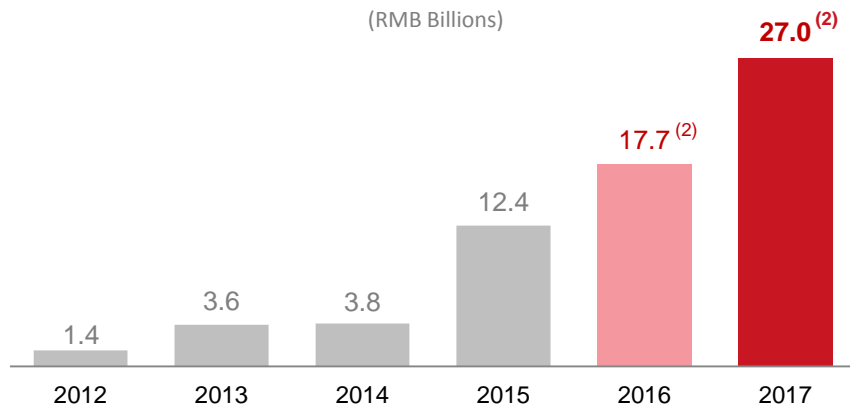
(4) Non-GAAP net income/(loss) attributable to ordinary shareholders is defined as net income/(loss) attributable to ordinary shareholders excluding share-based compensation, amortization of intangible assets resulting from acquisitions, and certain other non-cash gain or loss items.

(5) Non-GAAP operating margin of JD Mall is defined to exclude impact of the company's new businesses from non-GAAP operating margin of the company. New businesses include O2O (deconsolidated since its merger with Dada Nexus to form New Dada on April 26, 2016), insurance, technology initiatives, overseas business as well as logistics services provided to third parties.

Cash Flow Generation

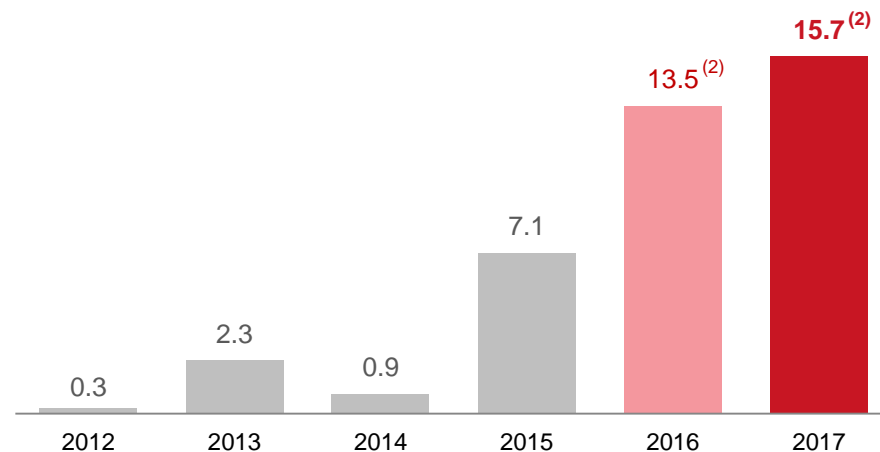
Adjusted Operating Cash Flow ⁽¹⁾

(RMB Billions)



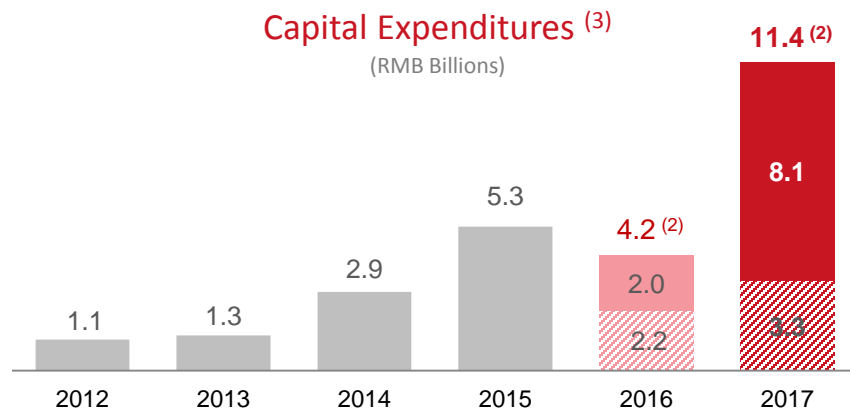
Free Cash Flow ⁽⁴⁾

(RMB Billions)



Capital Expenditures ⁽³⁾

(RMB Billions)



■ Purchases of Land use rights and construction in progress ■ Other Capex
■ Total Capex

(1) Adjusted operating cash flow is defined as net cash provided by operating activities adding back the impact from JD Finance related credit products included in the operating cash flow.

(2) Data for 2016 and 2017 are from continuing operations.

(3) Capital expenditures include purchase of property, equipment and software, cash paid for construction in progress, purchase of intangible assets and land use rights.

(4) Free cash flow is defined as operating cash flow adding back the impact from JD Finance related credit products included in the operating cash flow, and less capital expenditures.

Unaudited Selected Financial Data of Continuing Operations

Unaudited Selected Financial Data of Continuing Operations ⁽¹⁾ (in RMB Thousands)	1Q2016	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017
Net revenues	53,808,159	64,896,935	60,173,725	79,411,128	75,218,187	93,201,975	83,746,258	110,165,334
Non-GAAP Operating expenses								
Cost of revenues	(46,771,883)	(56,047,580)	(51,532,610)	(68,565,079)	(64,389,968)	(80,548,598)	(70,756,273)	(95,794,479)
Fulfillment	(3,901,492)	(4,500,119)	(4,404,036)	(5,329,030)	(5,032,069)	(6,220,418)	(6,217,479)	(7,805,477)
Marketing	(1,700,474)	(2,163,995)	(1,800,983)	(3,183,759)	(2,477,657)	(3,732,024)	(2,954,269)	(4,396,456)
Technology and content	(860,347)	(975,040)	(1,073,782)	(1,027,396)	(1,152,016)	(1,349,385)	(1,550,251)	(1,846,266)
General and administrative	(390,125)	(470,582)	(592,085)	(580,994)	(529,334)	(564,722)	(584,944)	(707,534)
Non-GAAP gross profit ⁽²⁾	6,830,615	8,633,334	8,413,149	10,676,211	10,618,588	12,448,409	12,779,015	14,159,885
Non-GAAP Income/(Loss) from operations ⁽³⁾	(21,823)	523,598	542,263	555,032	1,427,512	581,860	1,472,072	(595,848)
Non-GAAP net income attributable to ordinary shareholders ⁽⁴⁾	192,053	612,589	484,073	779,689	1,321,935	976,545	2,220,602	449,298
Non-GAAP gross margin ⁽²⁾	12.7%	13.3%	14.0%	13.4%	14.1%	13.4%	15.3%	12.9%
Non-GAAP operating margin ⁽³⁾	(0.04)%	0.8%	0.9%	0.7%	1.9%	0.6%	1.8%	(0.5)%
Non-GAAP net margin ⁽⁴⁾	0.4%	0.9%	0.8%	1.0%	1.8%	1.0%	2.7%	0.4%

(1) All periods are presented to reflect the results of continuing operations after JD Finance deconsolidation and JD Logistics cost reclassification.

(2) Non-GAAP gross margin is calculated by dividing non-GAAP gross profit by net revenues. Non-GAAP gross profit is defined as the difference of net revenues and cost of revenue, excluding revenue from business cooperation arrangements with equity investees and share-based compensation included in cost of revenues.

(3) Non-GAAP operating margin is calculated by dividing non-GAAP income/(loss) from operations by net revenues. Non-GAAP income/(loss) from operations is defined as income/(loss) from operations excluding share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, revenue from business cooperation arrangements with equity investees and impairment of goodwill and intangible assets.

(4) Non-GAAP net margin is calculated by dividing non-GAAP income attributable to ordinary shareholders by net revenues. Non-GAAP net income attributable to ordinary shareholders is defined as net income attributable to ordinary shareholders excluding share-based compensation, amortization of intangible assets resulting from acquisitions, and certain other non-cash gain or loss items.

Supplemental Financial Information and Business Metrics

Supplemental Information	1Q2016	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017	3Q2017	4Q2017
Annual active customer accounts ⁽¹⁾ (in millions)	169.1	188.1	198.7	226.6	236.5	258.3	266.3	292.5
Inventory turnover days ⁽²⁾ – TTM	36.8	38.0	37.3	37.6	36.7	36.3	36.9	38.1
Accounts payable turnover days ⁽²⁾ – TTM	45.7	49.2	51.5	52.0	52.3	56.2	58.4	59.1
Accounts receivable turnover days ⁽²⁾ – TTM	1.3	1.3	1.2	1.3	1.2	1.2	1.3	1.4
Free Cash Flow ⁽³⁾ – TTM (in RMB billions)	4.4	9.2	15.0	13.5	17.3	28.9	14.6	15.7

(1) Selected operating data for all presented periods exclude Paipai.com.

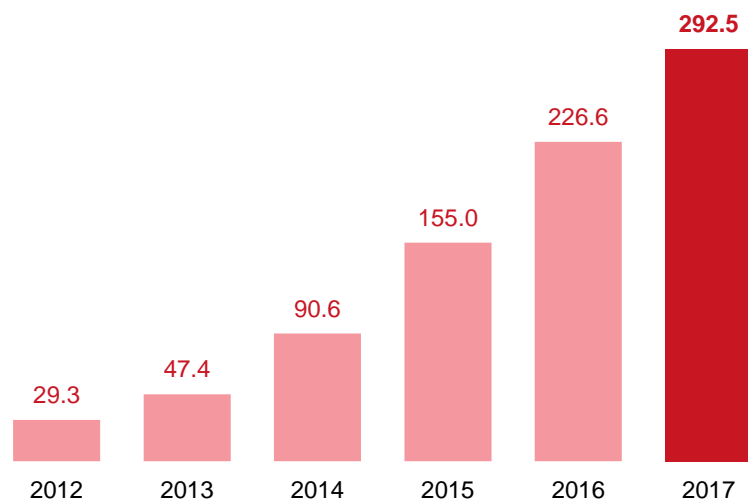
(2) Turnover days on a trailing twelve months basis are the quotient of average inventory, accounts payable, and accounts receivable over five consecutive quarter ends to total cost of revenues (and total net revenues for AR turnover days) for the last twelve months, and then multiplied by 360 days; AP turnover days are for online direct sales business; AR turnover days exclude the impact from JD Baitiao.

(3) Free cash flow is defined as operating cash flow adding back the impact from JD Finance related credit products included in the operating cash flow, and less capital expenditures, which include purchase of property, equipment and software, cash paid for construction in progress, purchase of intangible assets and land use rights.

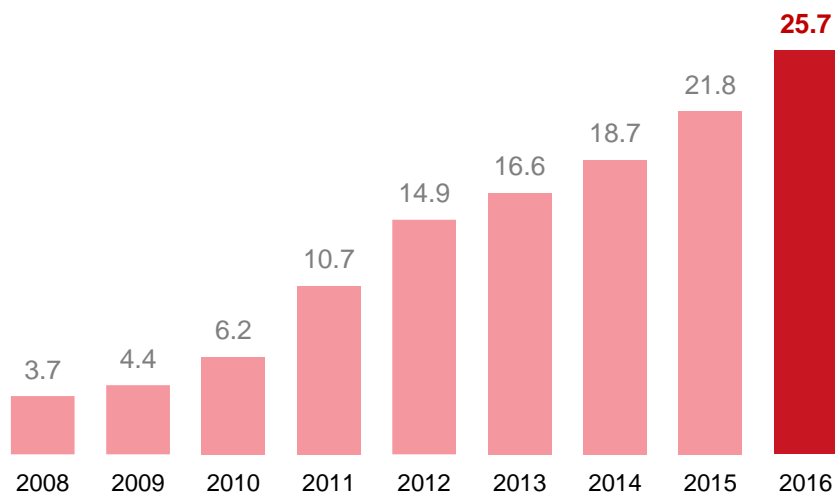
Key Operating Metrics

Active Customer Accounts ⁽¹⁾

(Millions)



Average Number of Purchases by
Active Customer Accounts in 2008



(1) Defined as customer accounts that made at least one purchase during the twelve months ended on the respective periods, whether through online direct sales or online marketplaces. Data for all periods exclude Paipai.com unique customers.

Nationwide Logistics Network



Nationwide Warehouse Network & Last-mile Reach ⁽¹⁾

Rapid Expansion & Best-in-Class Fulfillment Capabilities ⁽¹⁾



Fulfillment Centers

7 cities

Front Distribution Centers

27 cities

Warehouses

486 warehouses

GFA

~ 10 million sq.m.

Self-built Mega Warehouses

13 projects in **9** cities

Geographic Coverage

Almost all counties & districts in China

Provides best-in-class customer experience.

AI and Data Driven Advertising

Technology

Deep Learning
Recommendation
Search Ads

Reinforcement
Learning Media Buy

Publisher Data
Integration

Deep Learning
Smart Targeting

AI Powered Fully-
Automated
Advertising

AI Powered Ad
Creative Generation

AI Powered Ad
Creative Auditing

AI Powered
Smart Bidding

Data Input (JDX)



Tencent 腾讯



京东快车



品牌聚效



品牌展位

京挑客

京东直投

京东无线通

Advertisers

JD.com

- Brands
- Suppliers
- Merchants

External Clients

- Finance
- Travel
- Education
- Automotive

Media

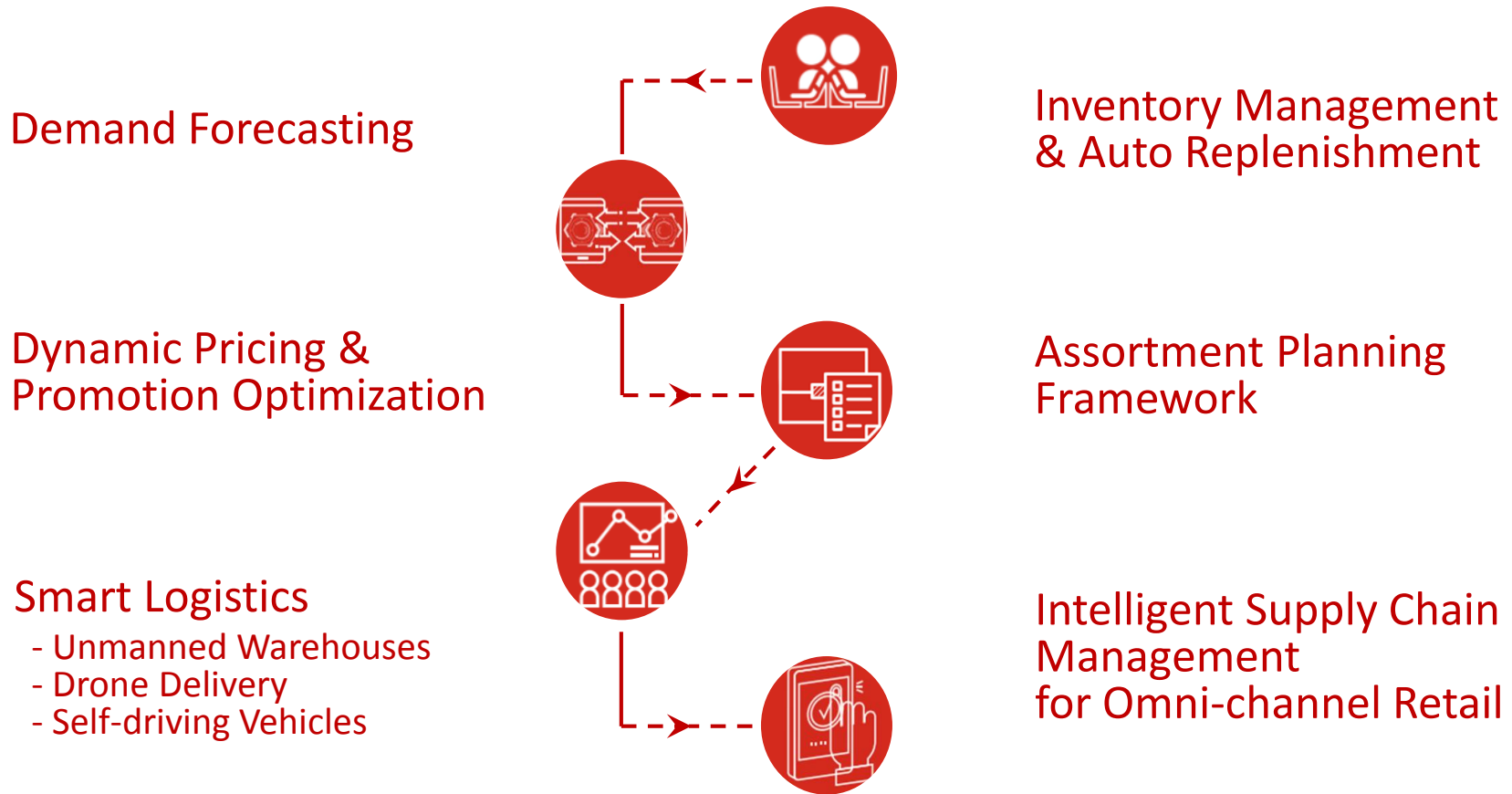
- JD.com
- JDX Strategic Partnership Publishers
- External Publishers Video, News, etc.

Infrastructure

Product Lines

Advertisement

Intelligent Supply Chain Management



Powered by

Big Data

Blockchain

IoT

Natural Language
Processing
& Understanding

Image & Vision
Recognition

Machine Learning
Deep Learning

Robotics



JD.COM 京东

