

JD.com, Inc.

Financial and Operational Highlights

November 2017



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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>.

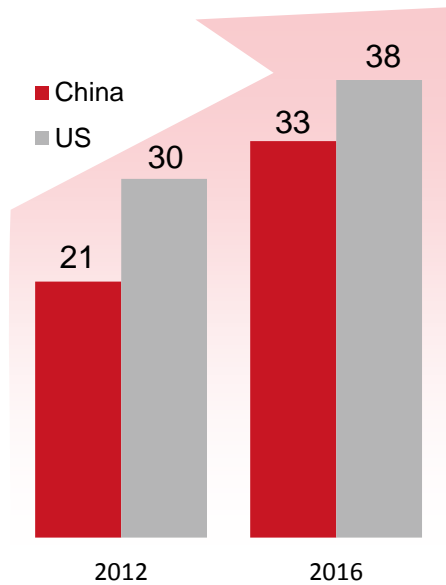
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Fragmented Retail Market & Rapid Shift to Online

Robust Growth
in China Retail ...

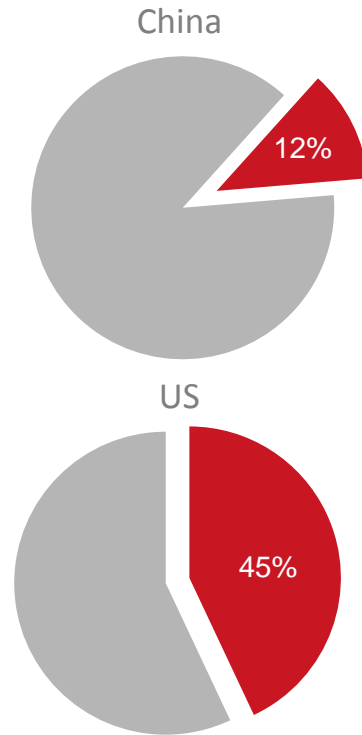
China Total Retail
Market Size ⁽¹⁾
(RMB Trillions)

11.6%
2012 –16 CAGR



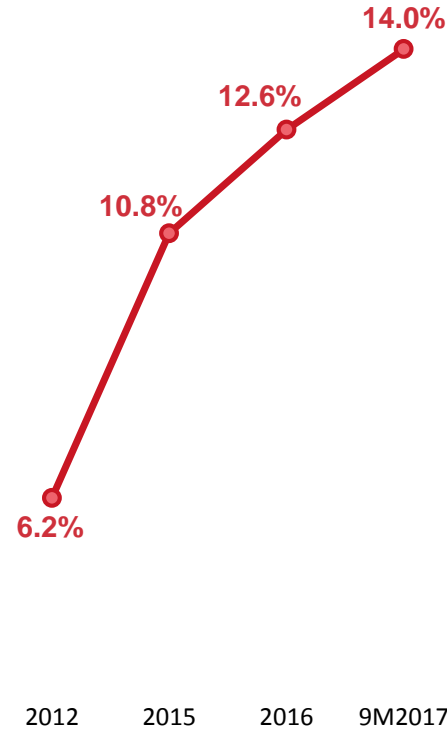
... Yet Highly
Fragmented ...

Top 20 Retailers'
Market Concentration in 2016 ⁽²⁾



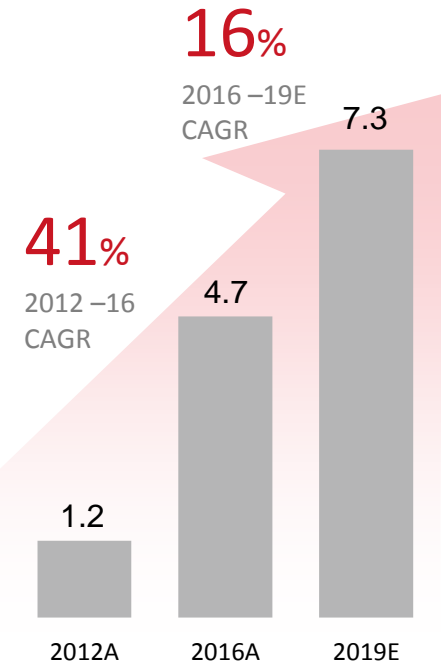
... With Increasing
Online Penetration ...

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 6.9430 for 2016, respectively.

(2) Source: Euromonitor 2016. Concentration for China retail market excludes pure platform operators.

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

(4) Source: iResearch, 2016. Market size in terms of GMV.

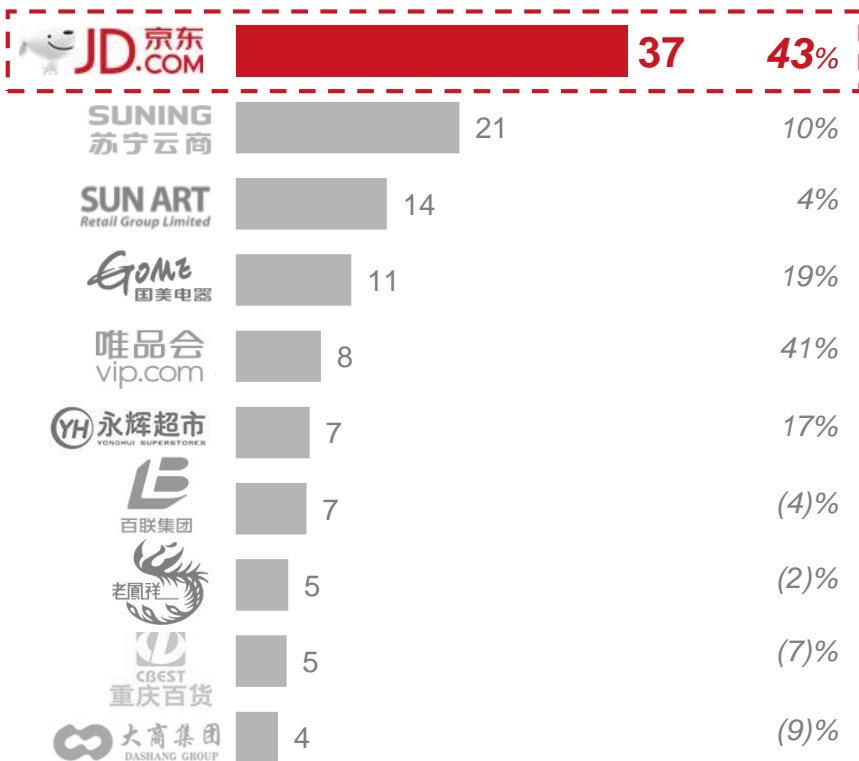
Larger Growth Potential and Smaller Competitors (vs. US Market)

Top 10 Listed Retailers in China (1)



(Net Revenue in US\$ bn)

YoY Growth

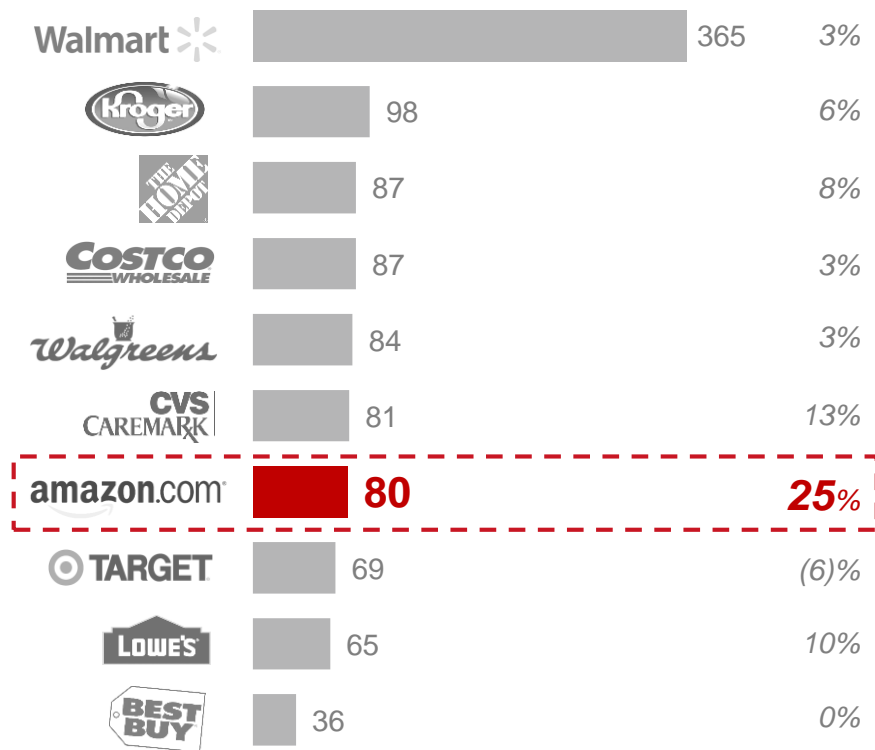


Top 10 Listed Retailers in US (2)



(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.

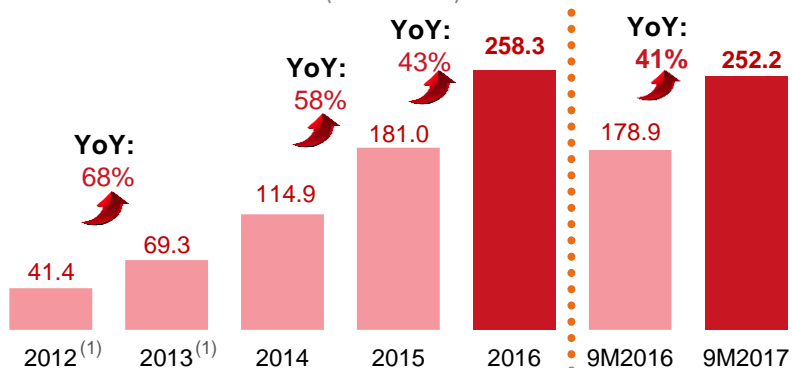
Financial and Operational Highlights



Growth Momentum and Margin Expansion

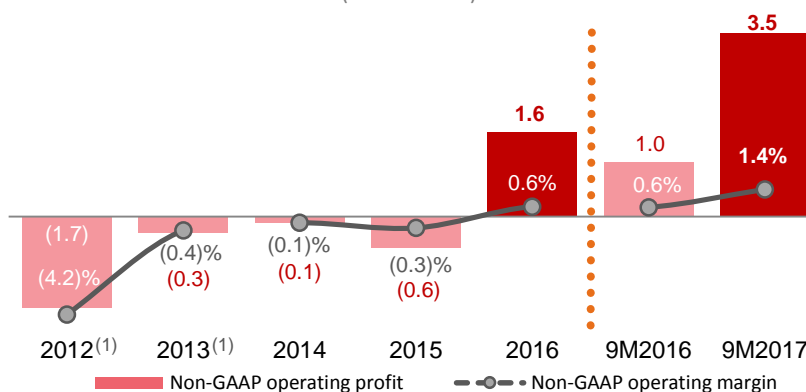
Net Revenues (1)

(RMB Billions)



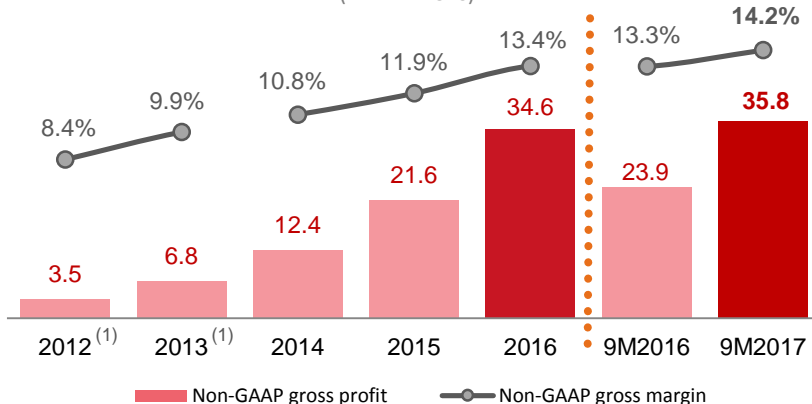
Non-GAAP Income/(Loss) from Operations (3)

(RMB Billions)



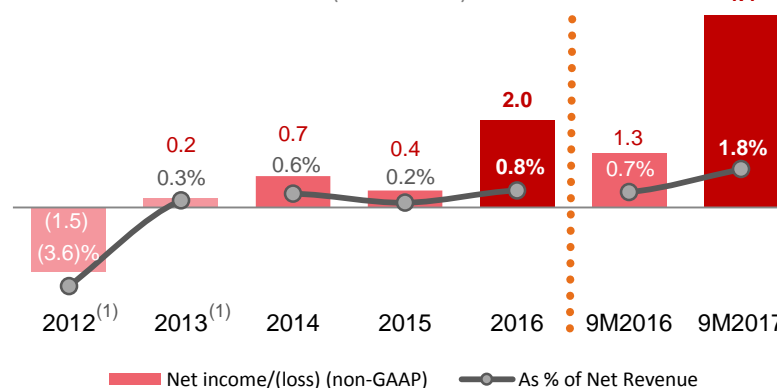
Non-GAAP Gross Profit (2)

(RMB Billions)



Non-GAAP Net Income/(Loss) (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.

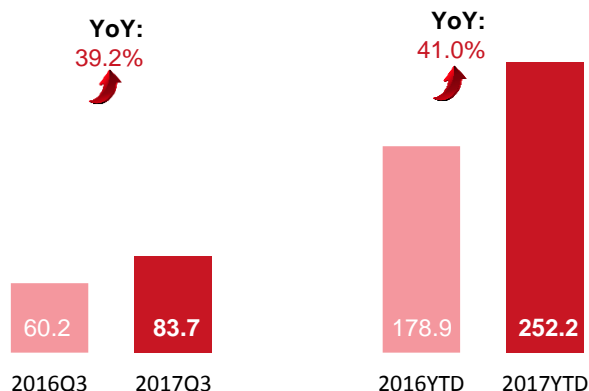
(3) Non-GAAP income/(loss) from operations is defined as income/(loss) from operations excluding share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, revenue from business cooperation arrangements with equity investees and impairment of goodwill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

(4) Non-GAAP net income/(loss) is defined as net income/(loss) excluding share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, revenue from business cooperation arrangements with equity investees, gain on disposals of business, income from non-compete agreement, reconciling items on the share of equity method investments, impairment of goodwill, intangible assets and investments.

Quarterly Financial Highlights for Continuing Operations

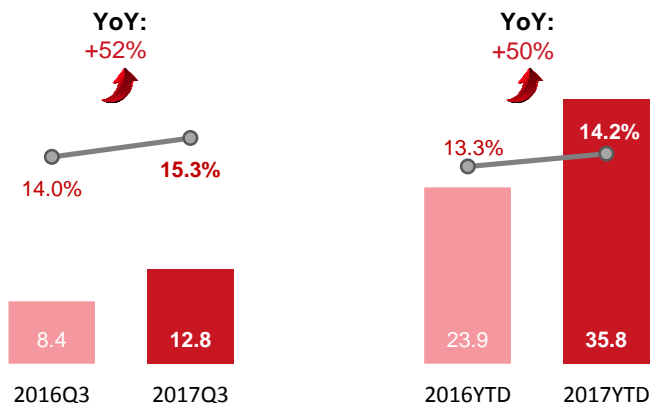
Net Revenues ⁽¹⁾

(RMB Billions)



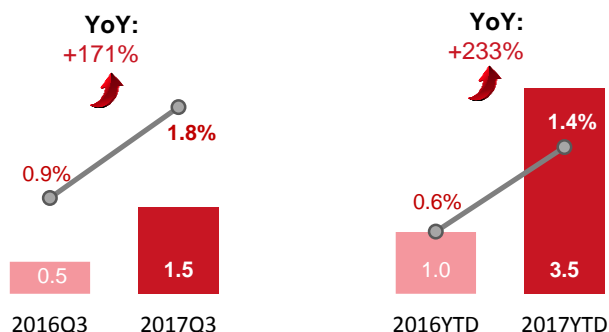
Non-GAAP Gross Profit ⁽¹⁾⁽²⁾

(RMB Billions)



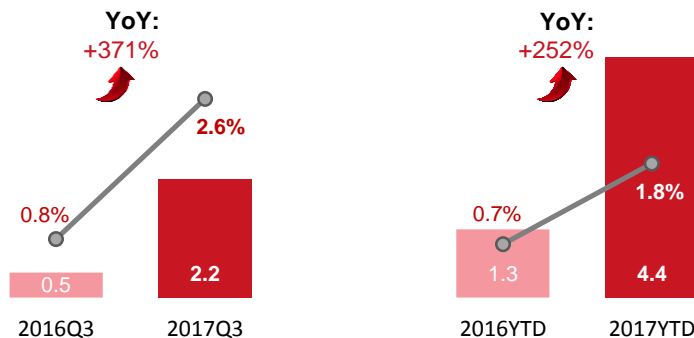
Non-GAAP Income from Operations ⁽¹⁾⁽³⁾

(RMB Billions)



Non-GAAP Net Income ⁽¹⁾⁽⁴⁾

(RMB Billions)



(1) Data for all periods are for continuing operations.

(2) 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. Non-GAAP gross margin is calculated by dividing non-GAAP gross profit by net revenues.

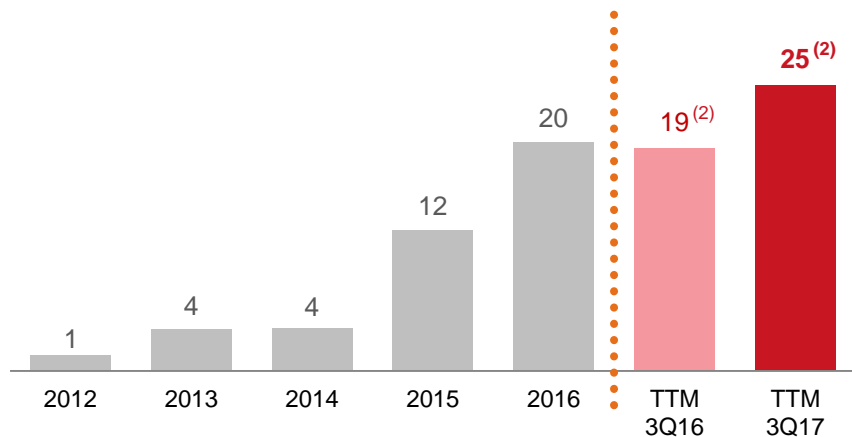
(3) Non-GAAP income from operations is defined as income/(loss) from operations excluding share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, revenue from business cooperation arrangements with equity investees and impairment of goodwill and intangible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

(4) Non-GAAP net income is defined as net income/(loss) excluding share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, revenue from business cooperation arrangements with equity investees, gain on disposals of business, income from non-compete agreement, reconciling items on the share of equity method investments, impairment of goodwill, intangible assets and investments. Non-GAAP net margin is calculated by dividing non-GAAP net income by net revenues.

Cash Flow Generation

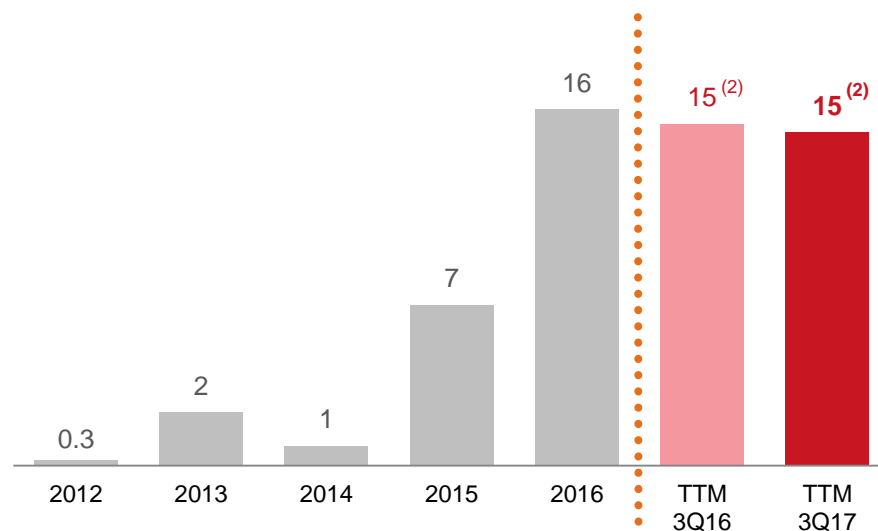
Adjusted Operating Cash Flow ⁽¹⁾

(RMB Billions)



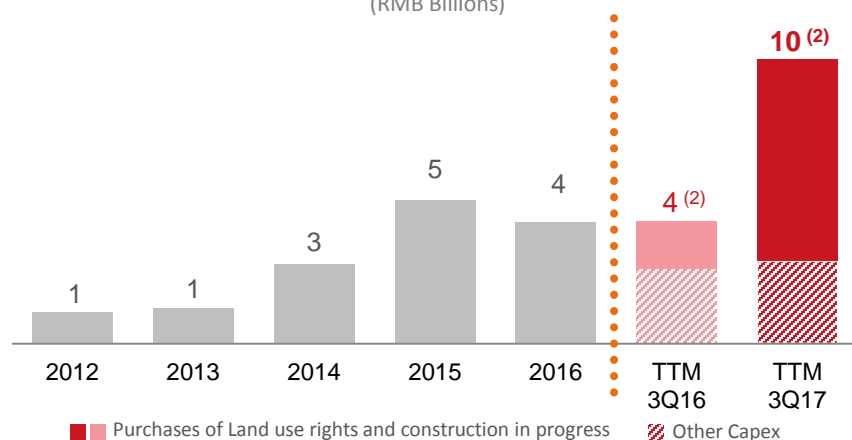
Free Cash Flow ⁽⁴⁾

(RMB Billions)



Capital Expenditures ⁽³⁾

(RMB Billions)



(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 TTM 3Q16 and 3Q17 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, which include purchase of property, equipment and software, cash paid for construction in progress, purchase of intangible assets and land use rights.

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
Net revenues	53,808,159	64,896,935	60,173,725	79,411,128	75,218,187	93,201,975	83,746,258
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)
Fulfillment	(3,901,492)	(4,500,119)	(4,404,036)	(5,329,030)	(5,032,069)	(6,220,418)	(6,217,479)
Marketing	(1,700,474)	(2,163,995)	(1,800,983)	(3,183,759)	(2,477,657)	(3,732,024)	(2,954,269)
Technology and content	(860,347)	(975,040)	(1,073,782)	(1,027,396)	(1,152,016)	(1,349,385)	(1,550,251)
General and administrative	(390,125)	(470,582)	(592,085)	(580,994)	(529,334)	(564,722)	(584,944)
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
Non-GAAP Income/(Loss) from operations ⁽³⁾	(21,823)	523,598	542,263	555,032	1,427,512	581,860	1,472,072
Non-GAAP net income ⁽⁴⁾	191,418	603,958	463,912	761,268	1,301,743	952,433	2,184,472
Non-GAAP gross margin ⁽²⁾	12.7%	13.3%	14.0%	13.4%	14.1%	13.4%	15.3%
Non-GAAP operating margin ⁽³⁾	(0.04)%	0.8%	0.9%	0.7%	1.9%	0.6%	1.8%
Non-GAAP net margin ⁽⁴⁾	0.4%	0.9%	0.8%	1.0%	1.7%	1.0%	2.6%

(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/(loss) by net revenues. Non-GAAP net income/(loss) is defined as net income/(loss) excluding share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, revenue from business cooperation arrangements with equity investees, gain on disposals of business, income from non-compete agreement, reconciling items on the share of equity method investments, impairment of goodwill, intangible assets and investments.

Supplemental Financial Information and Business Metrics

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

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

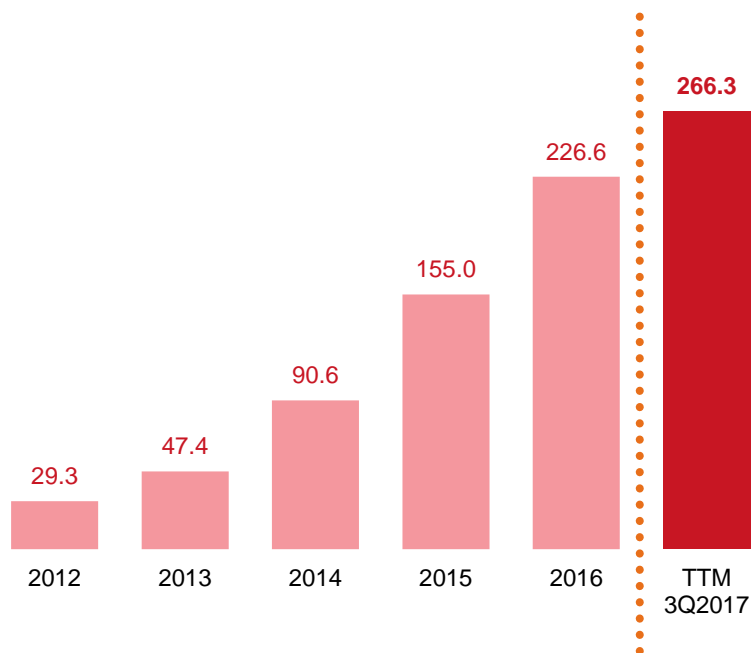
(2) Turnover days on a trailing twelve months basis are the quotient of average inventory, accounts payable, and accounts receivable over five consecutive quarter ends to total cost of revenues (and total net revenues for AR turnover days) for the last twelve months, and then multiplied by 360 days;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

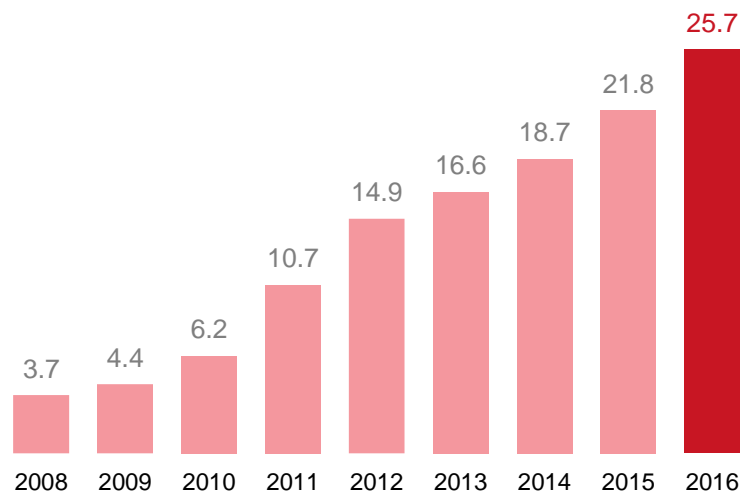
Key Operating Metrics

Active Customer Accounts ⁽¹⁾

(Millions)



Average Number of Purchases by Active Customer Accounts in 2008



10 (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	405 warehouses
GFA	~ 9 million sq.m.
Self-built Mega Warehouses	9 projects in 6 cities
Geographic Coverage	2,830 counties & districts

- ★ Cities with fulfillment centers (7)
- Cities with front distribution centers (27)
- ▲ Cities with bulky item warehouses (59)
- ⊡ Cities with new front distribution centers built after IPO (22)

Provides best-in-class customer experience.



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