

JD.com, Inc.

Financial and Operational Highlights

February 2019



JD.COM



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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>.

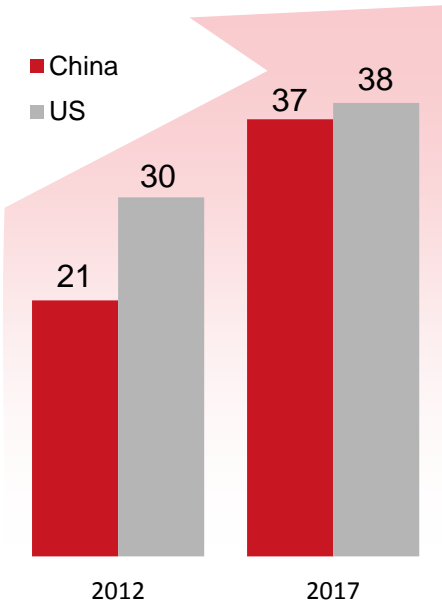
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Fragmented Retail Market & Rapid Shift to Online

Robust Growth
in China Retail ...

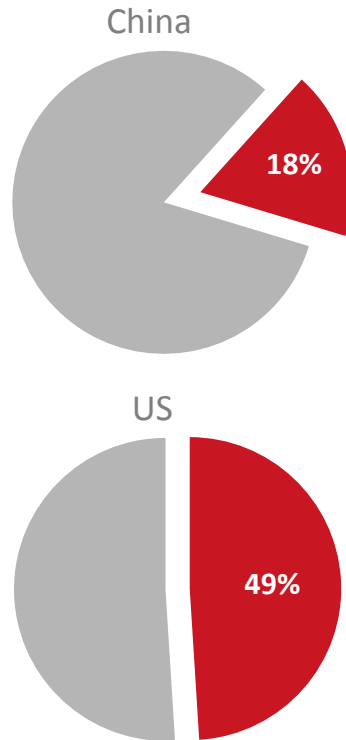
China Total Retail
Market Size ⁽¹⁾
(RMB Trillions)

11.3%
2012 –17 CAGR



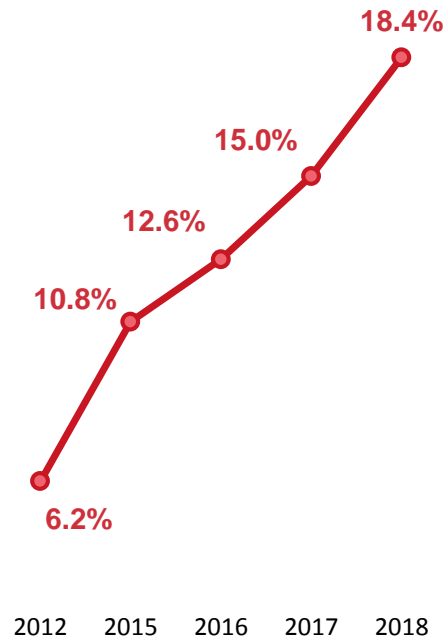
... Yet Highly
Fragmented ...

Top 20 Retailers'
Market Concentration in 2018 ⁽²⁾



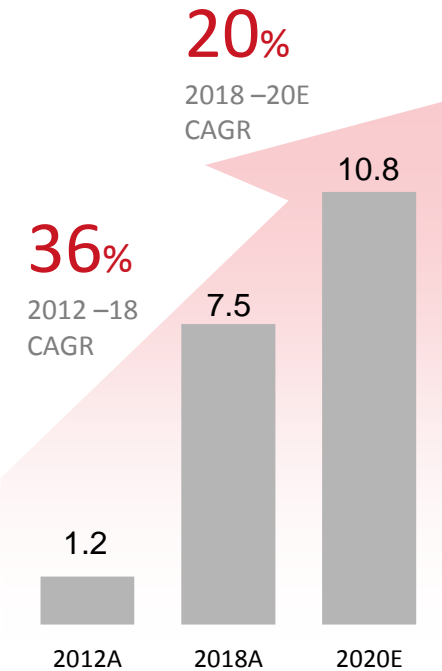
... With Increasing
Online Penetration ...

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 2018. 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, 2018. Market size in terms of GMV.

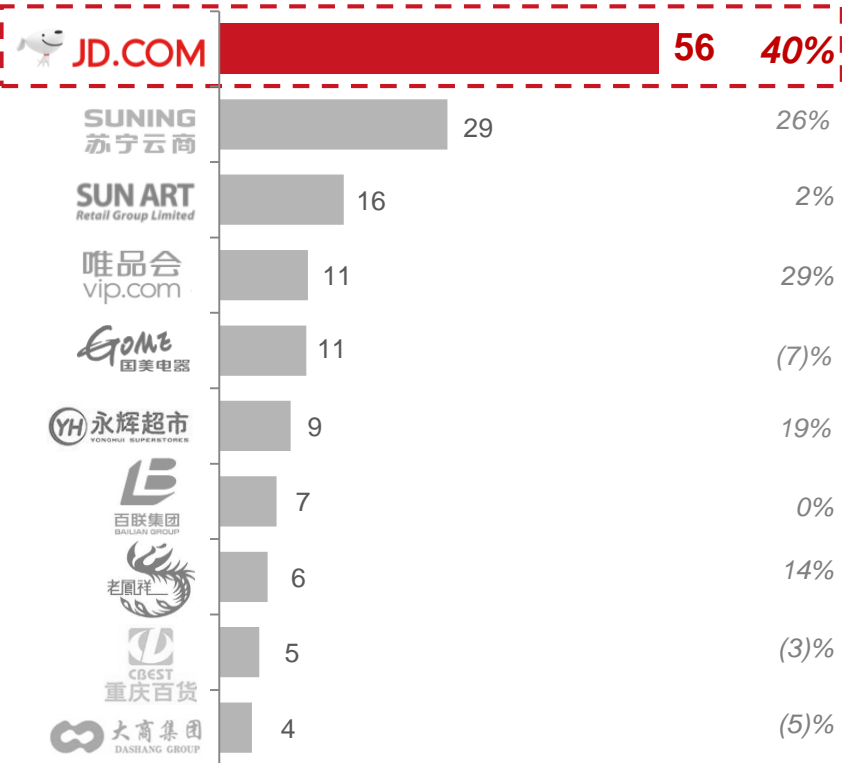
Larger Growth Potential and Smaller Competitors (vs. US Market)

Top 10 Listed Retailers in China ⁽¹⁾



(Net Revenue in US\$ bn)

YoY Growth

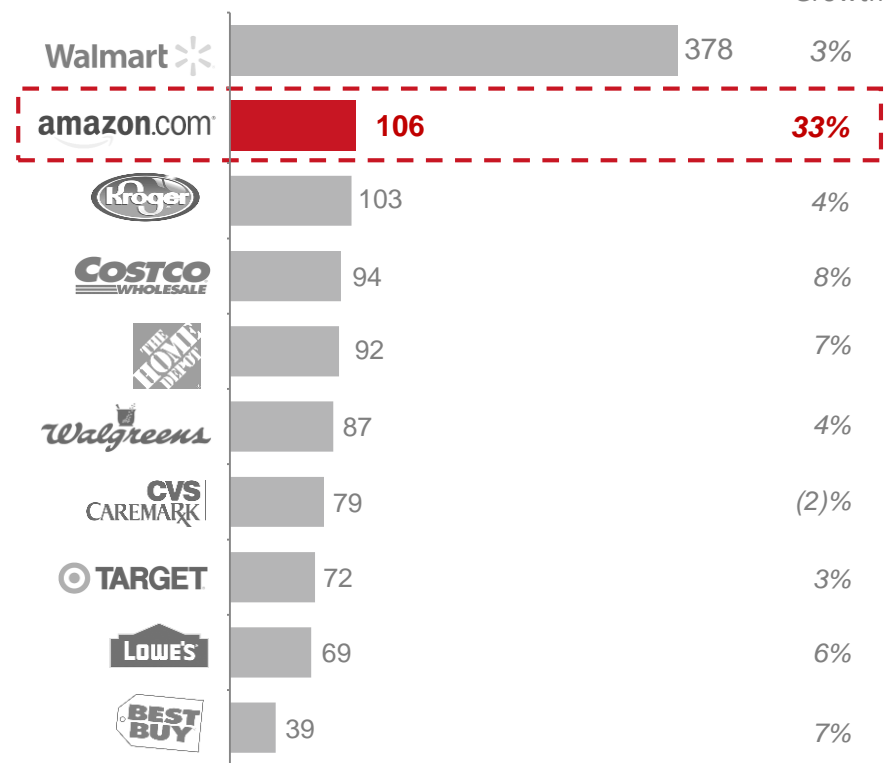


Top 10 Listed Retailers in US ⁽²⁾



(Net Retail Sales in US\$ bn)

YoY Growth



Market leadership and operating efficiency allow everyday low price and tremendous margin potential, driven by economies of scale in procurement and cost advantage as an online retailer.

(1) Source: company filings. Based on total net revenues for top 10 listed Chinese retailers in FY2017. The conversion of RMB into US\$ is based on the year-end exchange rate which was 6.5063. The year-over-year revenue growth rates were calculated based on revenues in RMB.

(2) Source: company filings. Based on retail sales in the United States segments of top 10 listed US retailers, for fiscal year ended Jan 31, 2018 for Walmart, Dec 31, 2017 for Amazon & CVS Caremark, Sept 3, 2017 for Costco, Aug 31, 2017 for Walgreens, Feb 2, 2018 for Low's, Feb 3, 2018 for Kroger, best buy and Target, and Jan 28, 2018 for Home Depot.



Financial and Operational Highlights



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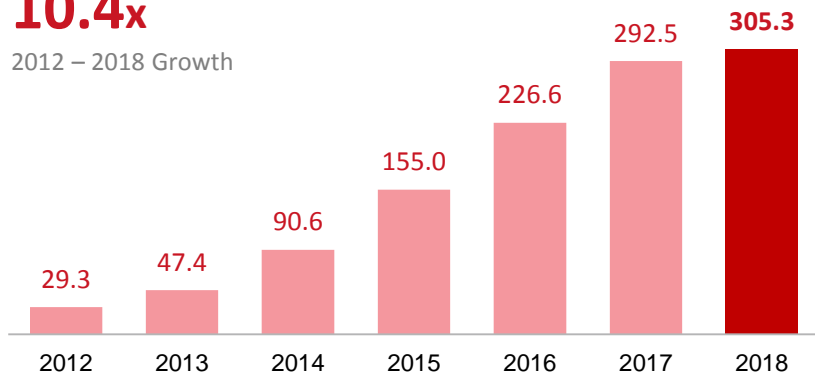
Strong Growth Momentum

Active Customer Accounts ⁽¹⁾

(Millions)

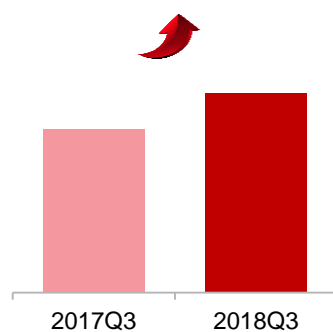
10.4x

2012 – 2018 Growth



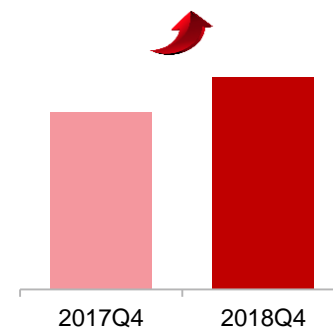
Quarterly Active Customer Accounts ⁽¹⁾

YoY 22%



Quarterly Active Customer Accounts ⁽¹⁾

YoY 20%

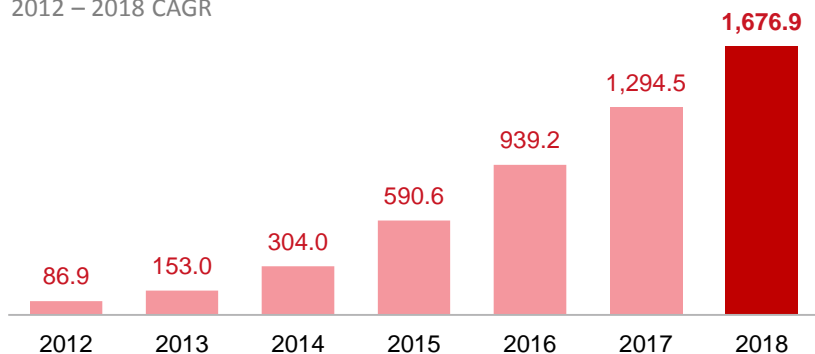


Gross Merchandise Volume ⁽²⁾

(Billions)

64%

2012 – 2018 CAGR

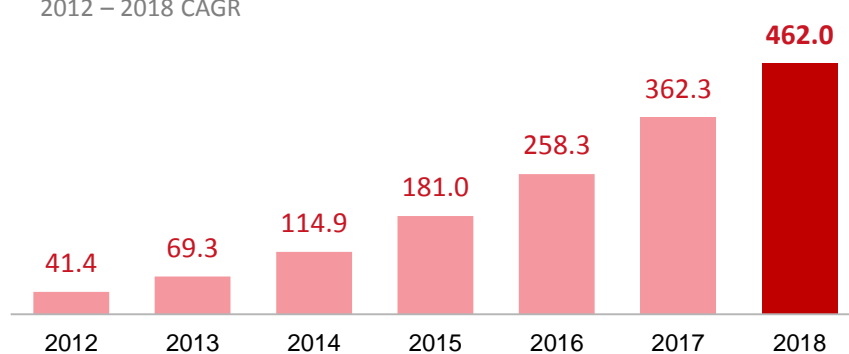


Net Revenues

(Billions)

50%

2012 – 2018 CAGR



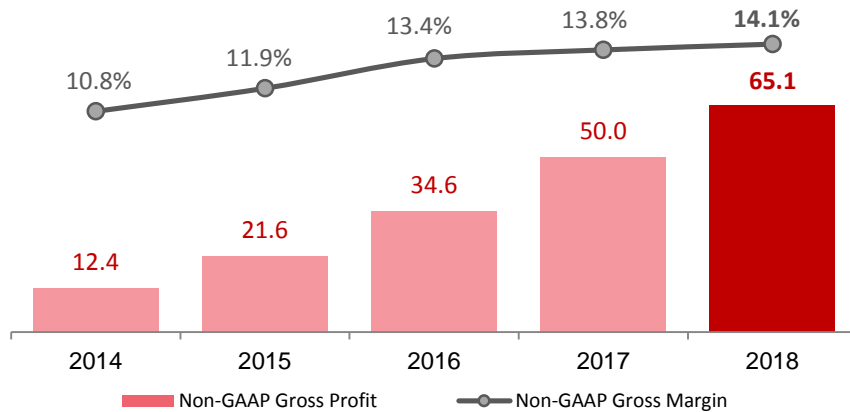
(1) Defined as customer accounts that made at least one purchase during the twelve months or indicated quarter ended on the respective periods, whether through online direct sales or online marketplaces.

(2) Refer Gross Merchandise Volume(GMV) definition to 20F.

Profitability Improving With Scale

Non-GAAP Gross Profit

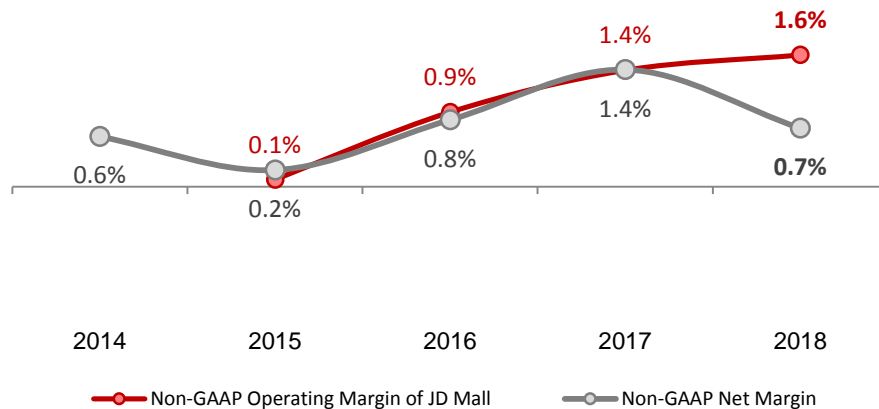
(RMB Billions)



Drivers of Gross Margin (2018)

- + Increasing economies of scale from 1P business
- + Mix-Shift to higher gross margin 1P categories
- + Fast growth from advertising service business
- Investments in third-party logistics service

Non-GAAP Margins



Drivers of Margins (2018)

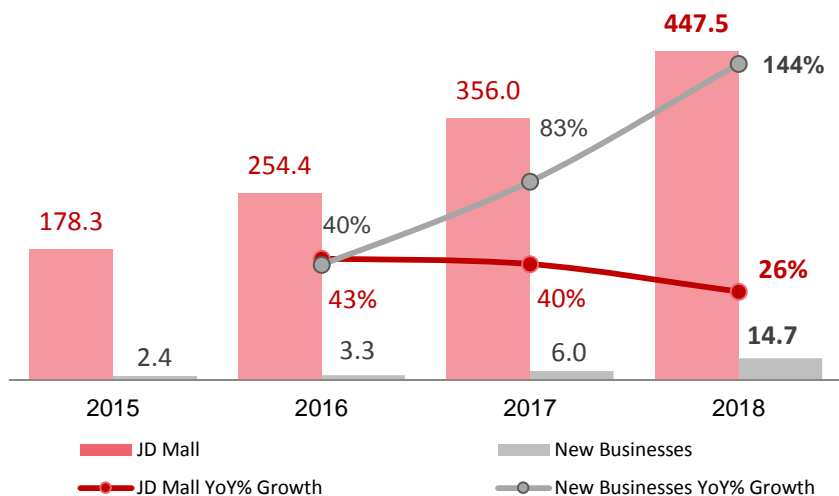
- + Increasing JD Mall operating leverage
- Investments in technologies
- Investments in new businesses

(1) Non-GAAP adjustment items include revenue from business cooperation arrangements with equity investees, share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, impairment of goodwill and intangible assets, fair value changes of long-term investments, gain/(loss) on disposals/revaluation of investments and certain large non-cash gain or loss items from net income/(loss) attributable to ordinary shareholders. Details can be found in the "Unaudited Reconciliation of GAAP and Non-GAAP Results" of the company's quarterly results.

Core E-commerce Business Margin Continues to Expand

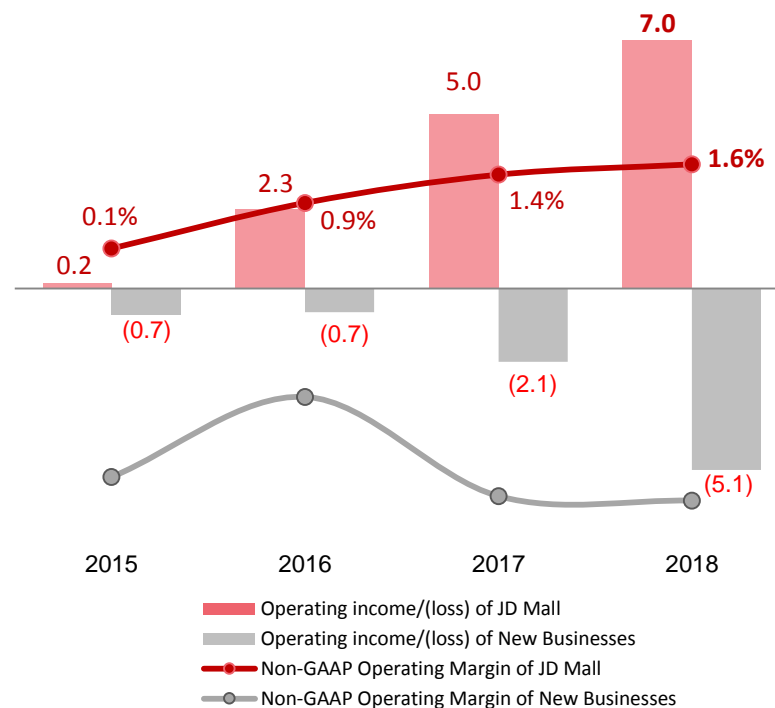
Net Revenues Breakdown⁽¹⁾

(RMB Billions)



Non-GAAP Operating Profit of JD Mall and New Businesses⁽²⁾

(RMB Billions)



(1) Refer to 20F and quarterly earnings for details of Segment Reporting.

(2) New businesses of the company include logistics services provided to third parties, technology initiatives and overseas business.

Diversification of Revenue Streams

Net Product Revenues Breakdown

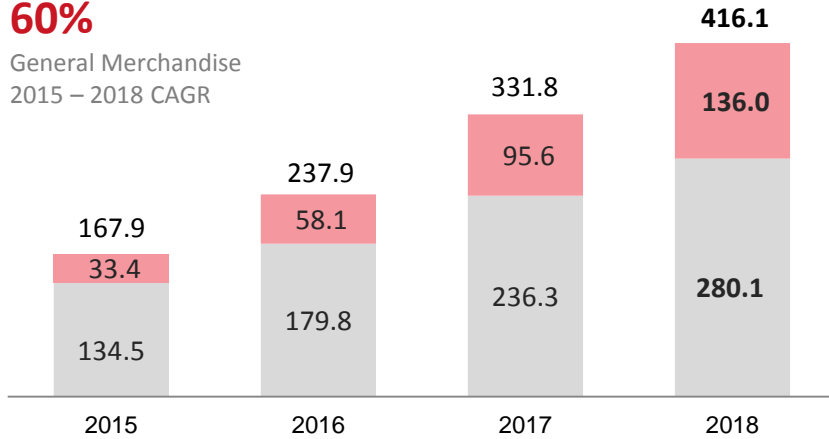
(RMB Billions)

28%

Electronics and Home Appliance
2015 – 2018 CAGR

60%

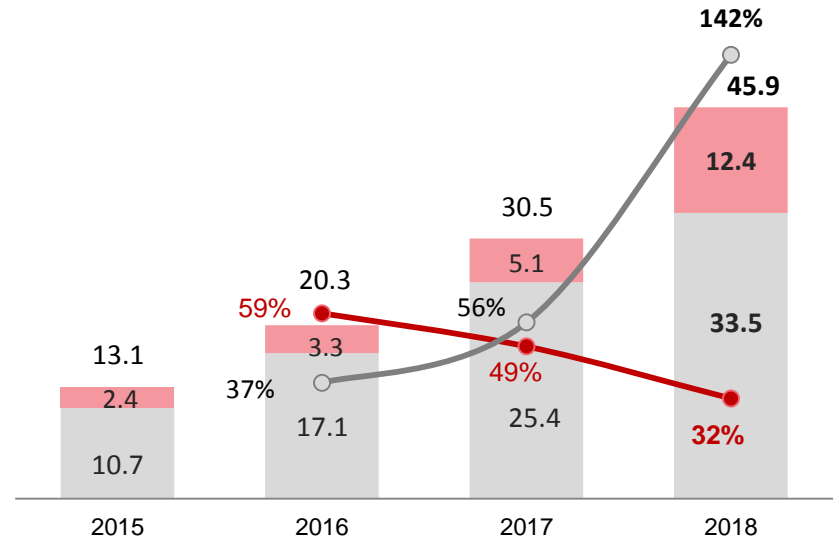
General Merchandise
2015 – 2018 CAGR



- Electronics and Home Appliance Revenues
- General Merchandise Revenues

Net Service Revenues Breakdown

(RMB Billions)

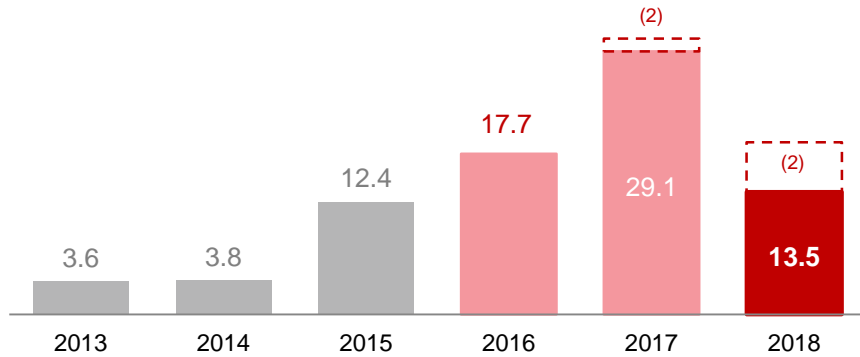


- Logistics and Other Services
- Marketplace and Advertising Services
- Marketplace and Advertising Services YoY Growth
- Logistics and Other Services YoY Growth

Robust Cash Flow Generation

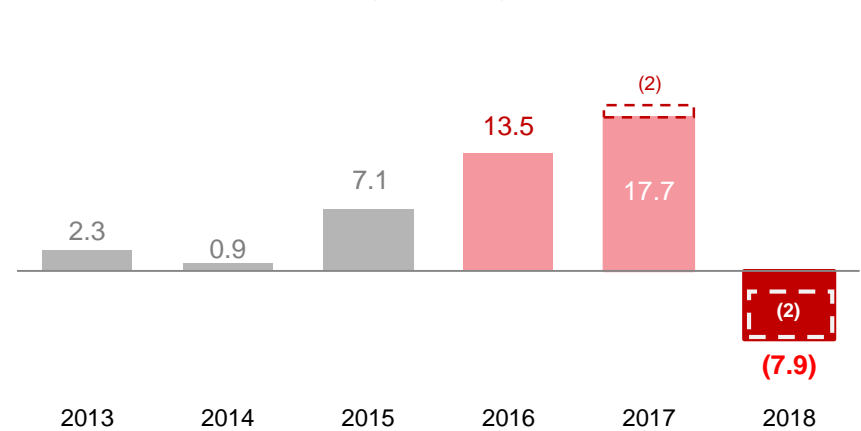
Adjusted Operating Cash Flow ⁽¹⁾

(RMB Billions)



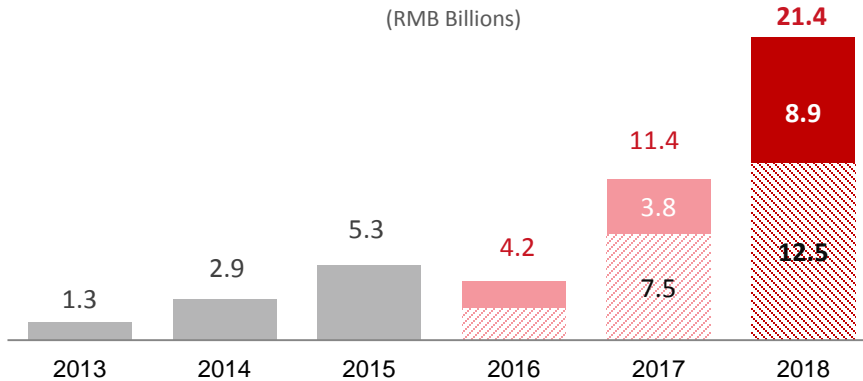
Free Cash Flow ⁽¹⁾

(RMB Billions)



Capital Expenditures ⁽¹⁾

(RMB Billions)



■ Capital expenditures related to development projects available for sale
■ Total Capex
▨ Other Capex

Free Cash Flow Characteristics



Negative working capital results in operating cash flow greater than net profit



Free cash flow for 2018 has been negatively impacted by higher than usual capital expenditures of RMB21.4bn, among which, nearly RMB8.9 bn is related to development projects available for sale



Free cash flow for 2018 has been negatively impacted by a one-off decrease, see footnote (2)

(1) Refer to quarterly earnings for more details.

(2) The company has been conducting a complex settlement process change since the second half of 2017 to settle the marketplace transactions directly through third party payment companies, as required by the regulators. As a result, there was a negative impact to Adjusted Operating Cash Flow and Free Cash Flow, due to the decrease in advance from customers for their marketplace purchases and payable to merchants.

Unaudited Selected Financial Data of Continuing Operations

Unaudited Selected Financial Data of Continuing Operations ⁽¹⁾ (in RMB Thousands)	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018
Net revenues	75,218,187	93,201,975	83,746,258	110,165,334	100,127,901	122,291,030	104,768,279	134,832,549
Non-GAAP Operating expenses								
Cost of revenues	(64,389,968)	(80,548,598)	(70,756,273)	(95,794,479)	(85,956,178)	(105,762,539)	(88,638,716)	(115,636,710)
Fulfillment	(5,032,069)	(6,220,418)	(6,217,479)	(7,805,477)	(7,048,220)	(8,059,949)	(7,591,198)	(8,723,823)
Marketing	(2,477,657)	(3,732,024)	(2,954,269)	(4,396,456)	(3,153,105)	(4,903,330)	(3,768,095)	(5,989,822)
Technology and content	(1,152,016)	(1,349,385)	(1,550,251)	(1,846,266)	(2,212,871)	(2,465,212)	(3,076,877)	(3,128,442)
General and administrative	(529,334)	(564,722)	(584,944)	(707,534)	(672,703)	(746,023)	(814,011)	(803,122)
Non-GAAP Income/(Loss) from operations ⁽²⁾	1,427,512	581,860	1,472,072	(595,848)	848,087	113,248	638,251	312,979
Non-GAAP net income attributable to ordinary shareholders ⁽²⁾	1,321,935	976,545	2,220,602	449,298	1,047,415	478,137	1,184,318	749,902
Non-GAAP operating margin ⁽²⁾	1.9%	0.6%	1.8%	(0.5)%	0.8%	0.1%	0.6%	0.2%
Non-GAAP net margin ⁽²⁾	1.8%	1.0%	2.7%	0.4%	1.0%	0.4%	1.1%	0.6%
GAAP net margin	0.4%	(0.3)%	1.2%	(0.8)%	1.5%	(1.8)%	2.9%	(3.6)%

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

(2) Non-GAAP adjustment items include revenue from business cooperation arrangements with equity investees, share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, impairment of goodwill and intangible assets, fair value changes of long-term investments, gain/(loss) on disposals/revaluation of investments and certain large non-cash gain or loss items from net income/(loss) attributable to ordinary shareholders. Details can be found in the "Unaudited Reconciliation of GAAP and Non-GAAP Results" of the company's quarterly results.

Supplemental Financial Information and Business Metrics

Supplemental Information	1Q2017	2Q2017	3Q2017	4Q2017	1Q2018	2Q2018	3Q2018	4Q2018
Annual active customer accounts (in millions)	236.5	258.3	266.3	292.5	301.8	313.8	305.2	305.3
Inventory turnover days ⁽¹⁾ – TTM	36.7	36.3	36.9	38.1	37.2	37.9	37.8	37.3
Accounts payable turnover days ⁽¹⁾ – TTM	52.3	56.2	58.4	59.1	58.2	60.9	59.7	58.1
Accounts receivable turnover days ⁽¹⁾ – TTM	1.2	1.2	1.3	1.4	1.6	1.9	2.3	2.7
Free Cash Flow ⁽²⁾ (RMB billions)	5.6	22.2	(8.4)	(1.7)	(8.8)	13.1	(8.2)	(4.0)

(1) 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.

(2) Free cash flow is defined as operating cash flow adding back or subtracting the impact JD Digits related credit products included in the operating cash flow, and less capital expenditures. As required by the new accounting standard adopted on January 1, 2018, the consolidated statements of cash flows were retrospectively adjusted to include restricted cash in cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

Superior Services through Nationwide Logistics Network



Nationwide Warehouse Network & Last-mile Reach



Rapid Expansion & Best-in-Class Fulfillment Capabilities



Fulfilment Centers **7** cities

Front Distribution Centers **28** cities

Warehouses **550+** warehouses

GFA **~ 12.0** million sq.m.

Self-built Mega Warehouses **18** projects in **11** cities

Geographic Coverage **Almost all** counties & districts in China

Provide best-in-class customer experience

