

JD.com, Inc.

Financial and Operational Highlights

November 2019



JD.COM



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>.

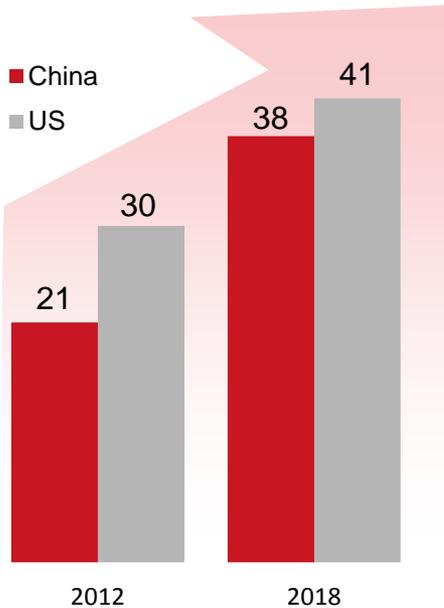
This document speaks as of September 30, 2019. Neither the delivery of this document nor any further discussions of the Company with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since that date.

Fragmented Retail Market & Rapid Shift to Online

Robust Growth in China Retail ...

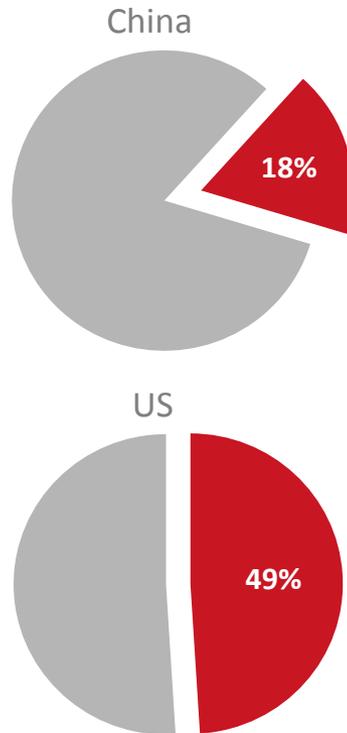
China Total Retail Market Size ⁽¹⁾
(RMB Trillions)

10.1%
2012 –18 CAGR



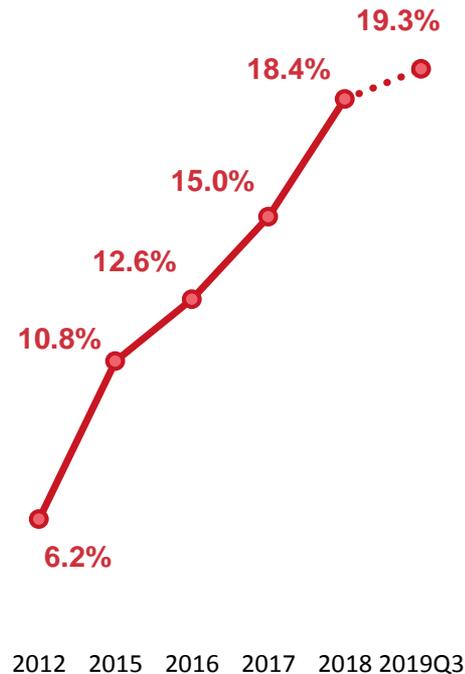
... Yet Highly Fragmented ...

Top 20 Retailers' Market Concentration in 2018 ⁽²⁾



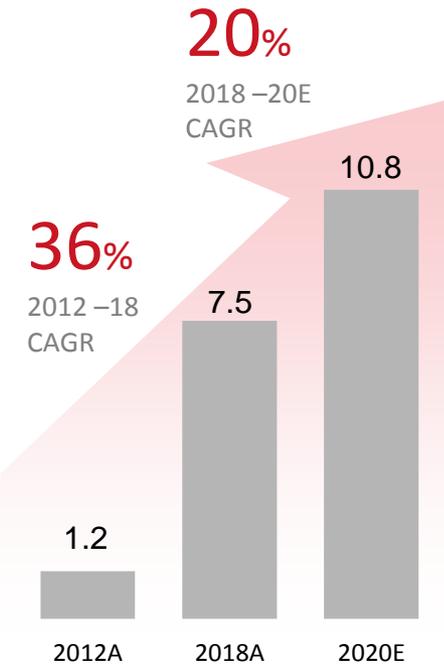
... With Increasing Online Penetration ...

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 6.8755 for 2018, 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.

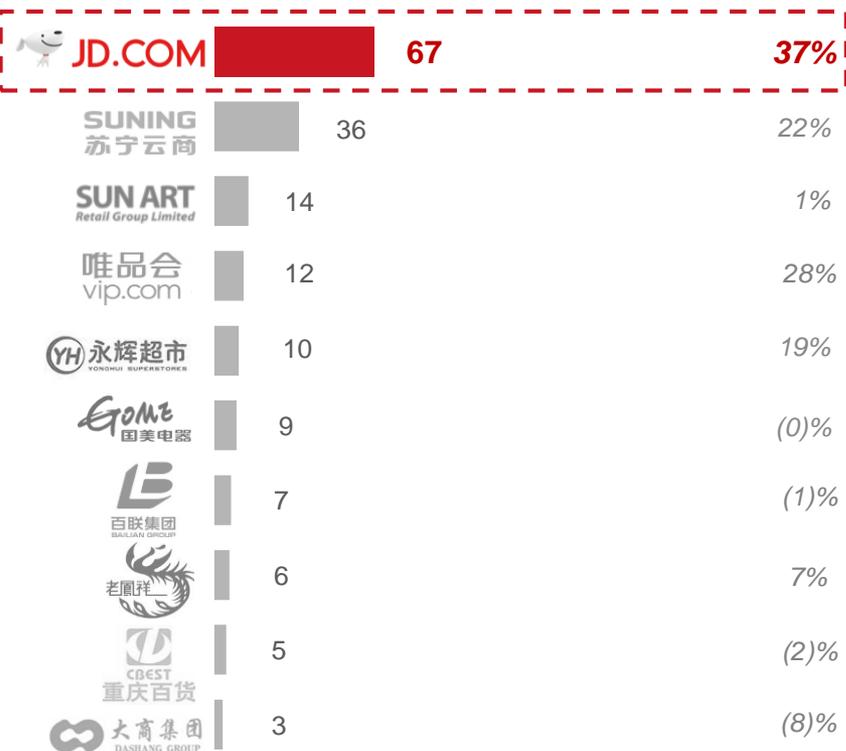
Larger Growth Potential and Smaller Competitors (vs. US Market)

Top 10 Listed Retailers in China (1)



(Net Revenue in US\$ bn)

CAGR
2015-2018

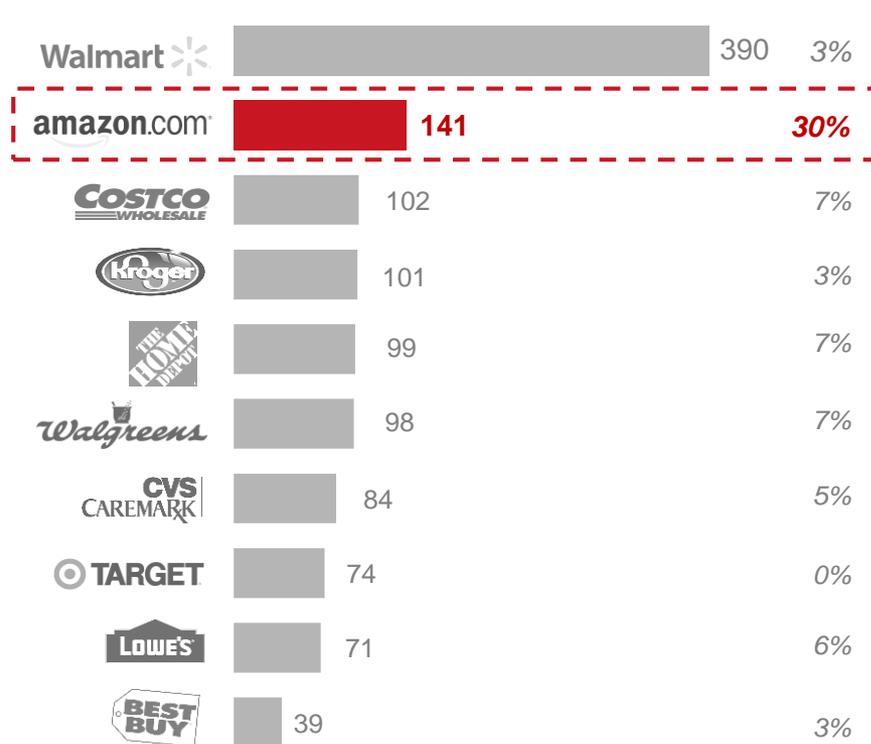


Top 10 Listed Retailers in US (2)



(Net Retail Sales in US\$ bn)

CAGR
2015-2018



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 FY2018. The conversion of RMB into US\$ is based on the year-end exchange rate which was 6.8755. The CAGR 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, 2019 for Walmart, Dec 31, 2018 for Amazon & CVS Caremark, Sept 2, 2018 for Costco, Aug 31, 2018 for Walgreens, Feb 1, 2019 for Low's, Feb 2, 2019 for Kroger, best buy and Target, and Feb 3, 2019 for Home Depot.



Financial and Operational Highlights



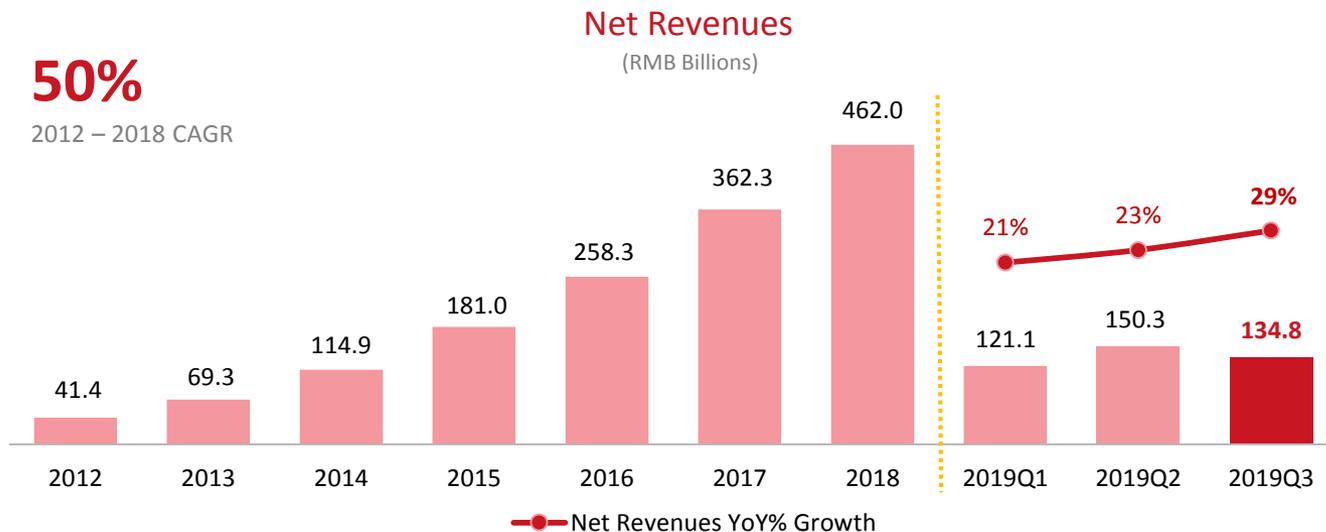
JD.COM



Strong Growth Momentum

50%

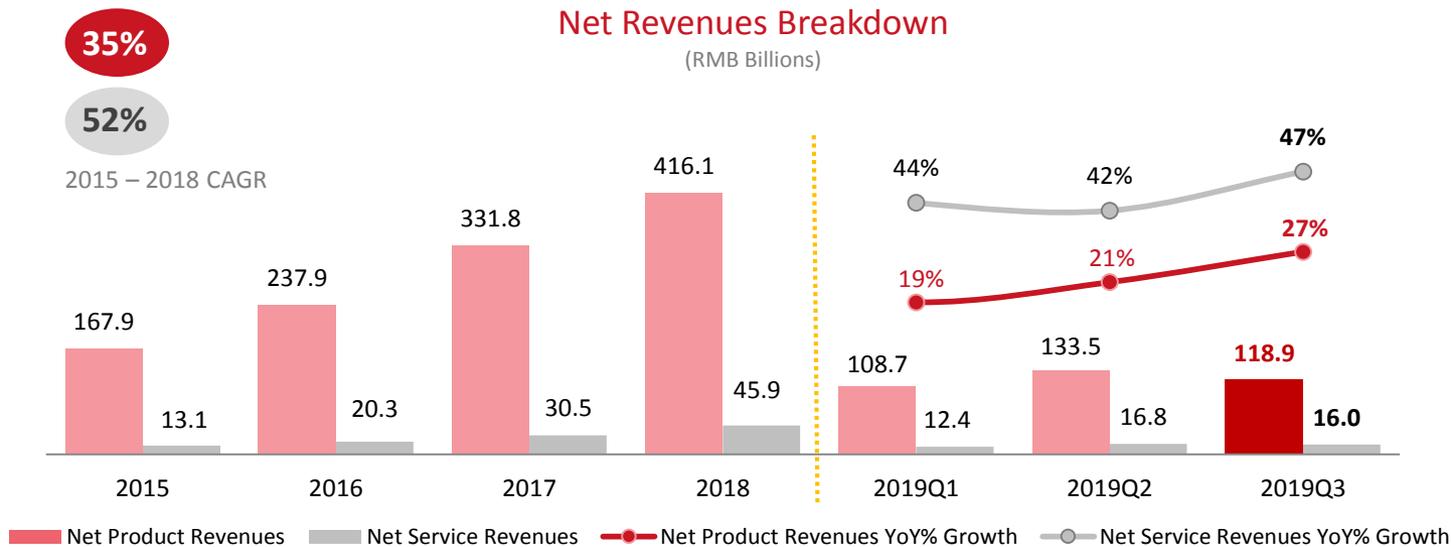
2012 – 2018 CAGR



35%

52%

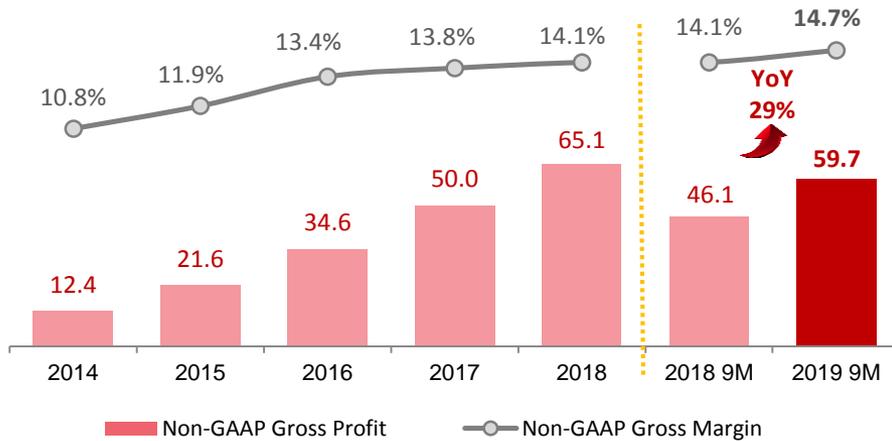
2015 – 2018 CAGR



Profitability Improving With Scale

Non-GAAP Gross Profit

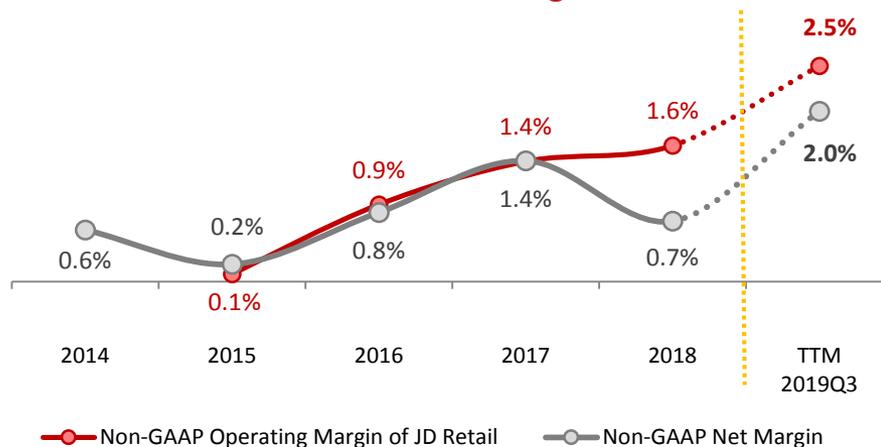
(RMB Billions)



Drivers of Gross Margin

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

Non-GAAP Margins

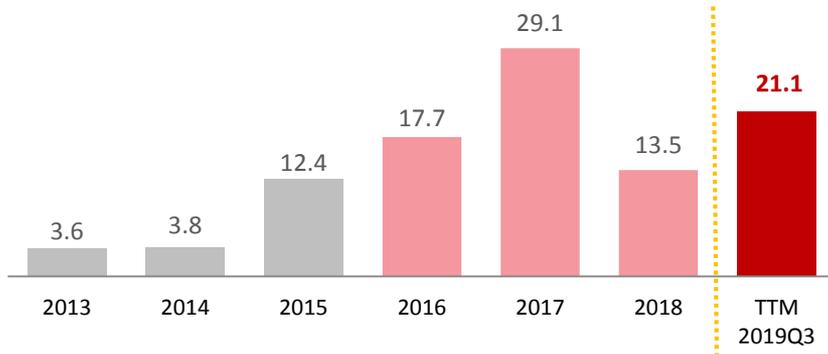


Drivers of Margins

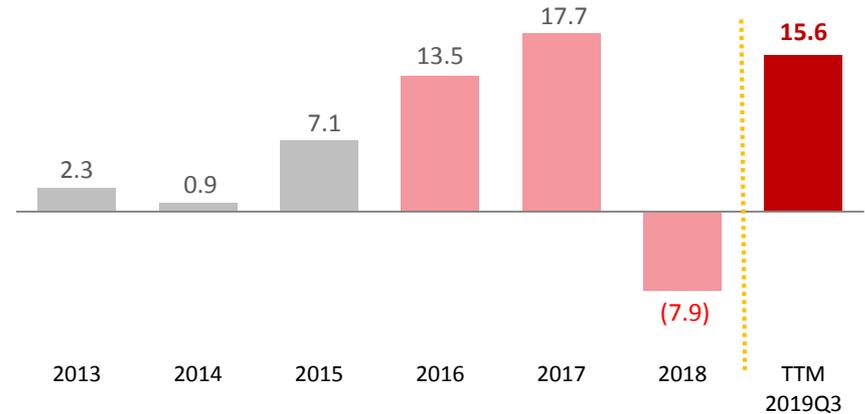
- + Increasing JD Retail operating leverage
- + Reduced losses of third-party logistics service
- Investments in technologies

Robust Cash Flow Generation

Adjusted Operating Cash Flow ⁽¹⁾
(RMB Billions)



Free Cash Flow ⁽¹⁾
(RMB Billions)



Capital Expenditures ⁽¹⁾
(RMB Billions)



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 Capex of RMB21.4bn, among which, nearly RMB8.9 bn is related to development projects available for sale. In addition, 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

Unaudited Selected Financial Data of Continuing Operations ⁽¹⁾ (in RMB Thousands)	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019
Net revenues	104,768,279	134,832,549	121,081,059	150,280,602	134,842,785
Non-GAAP Operating expenses					
Cost of revenues	(88,638,716)	(115,636,710)	(102,884,323)	(128,134,540)	(114,705,006)
Fulfillment	(7,591,198)	(8,723,823)	(7,963,907)	(8,990,548)	(8,590,896)
Marketing	(3,768,095)	(5,989,822)	(3,600,734)	(5,493,940)	(4,236,536)
Technology and content	(3,076,877)	(3,128,442)	(3,464,650)	(3,335,533)	(3,188,751)
General and administrative	(814,011)	(803,122)	(963,407)	(838,947)	(828,326)
Non-GAAP Income/(Loss) from operations ⁽²⁾	638,251	312,979	1,971,932	3,217,457	2,974,945
Non-GAAP net income attributable to ordinary shareholders ⁽²⁾	1,184,318	749,902	3,294,365	3,558,935	3,085,885
Non-GAAP operating margin ⁽²⁾	0.6%	0.2%	1.6%	2.1%	2.2%
GAAP operating margin	(0.6)%	(0.7)%	1.0%	1.5%	3.7%
Non-GAAP net margin ⁽²⁾	1.1%	0.6%	2.7%	2.4%	2.3%
GAAP net margin	2.9%	(3.6)%	6.0%	0.4%	0.5%

(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, intangible assets and investments, fair value changes of long-term investments, gain/(loss) on disposals/deemed disposals of investments, gain on disposals of long-lived assets 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	3Q2018	4Q2018	1Q2019	2Q2019	3Q2019
Annual active customer accounts (in millions)	305.2	305.3	310.5	321.3	334.4
Inventory turnover days ⁽¹⁾ – TTM	39.1	38.7	36.5	36.3	35.1
Accounts payable turnover days ⁽¹⁾ – TTM	61.7	60.2	57.4	59.4	56.6
Accounts receivable turnover days ⁽¹⁾ – TTM	2.3	2.7	3.0	3.3	3.2
Free Cash Flow ⁽²⁾ – TTM (RMB billions)	(5.5)	(7.9)	2.2	7.4	15.6

(1) Refer to public disclosures for definitions of turnover days.

(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, net of proceeds from disposals of long-lived assets. 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



Fulfillment Centers **7** cities

Front Distribution Centers **29** cities

Warehouses **650+** warehouses

GFA⁽²⁾ **~ 16.0** million sq.m.

Self-built Mega Warehouses **25** projects in **15** cities

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

Provide best-in-class customer experience

(1) Map and data as of Sep 30, 2019.

10 (2) Including floor area managed under JDL Open Warehouse Platform.

