

JD.com, Inc.

Financial and Operational Highlights

May 2020



JD.COM



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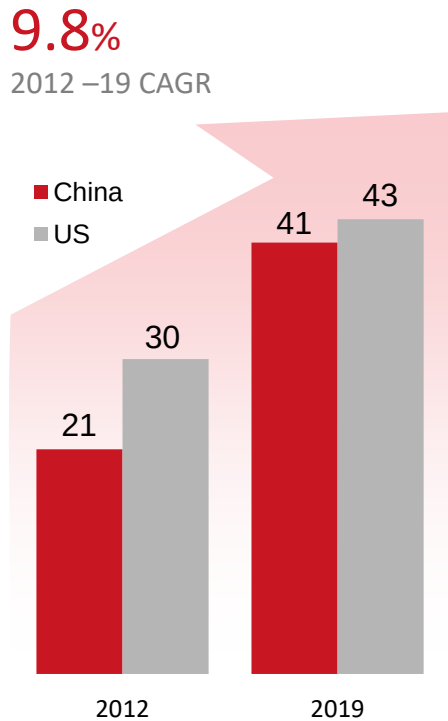
This document also contains non-GAAP financial measures, the presentation of which is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with accounting principles generally accepted in the United States of America. In addition, 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

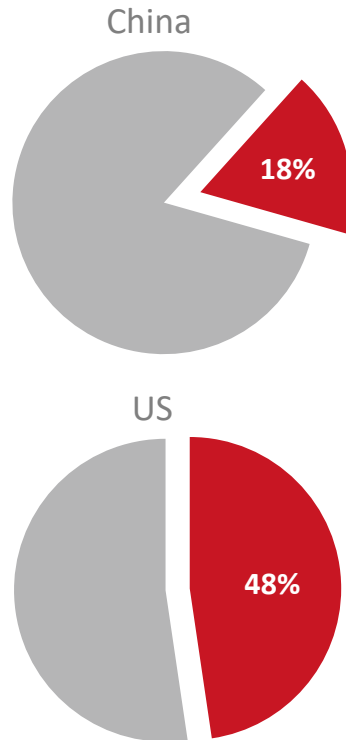
Robust Growth in China Retail ...

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



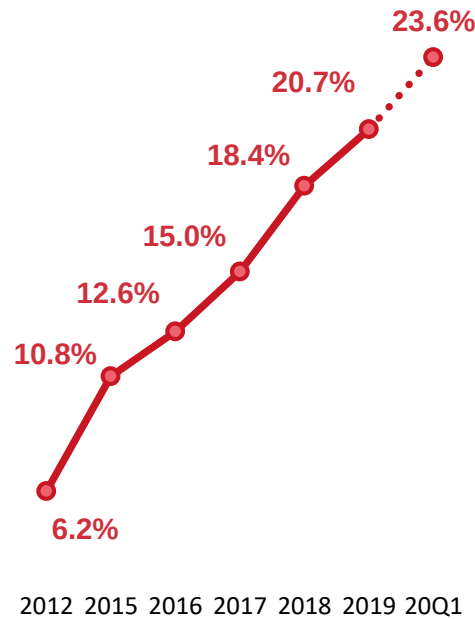
... Yet Highly Fragmented ...

Top 20 Retailers'
Market Concentration in 2019 ⁽²⁾



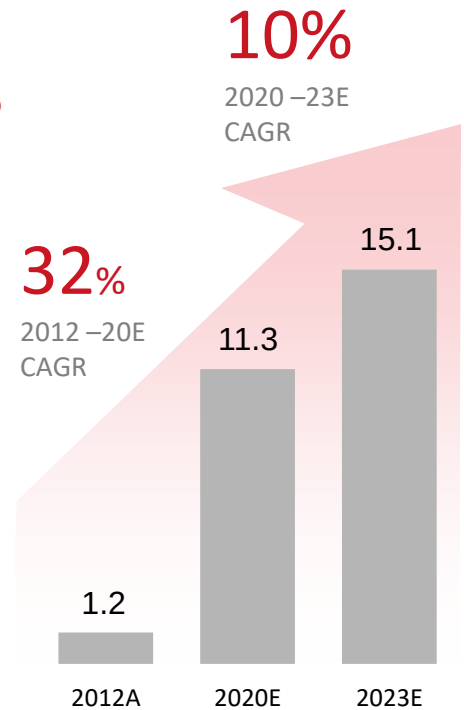
... With Increasing Online Penetration ...

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 6.9618 for 2019, respectively.

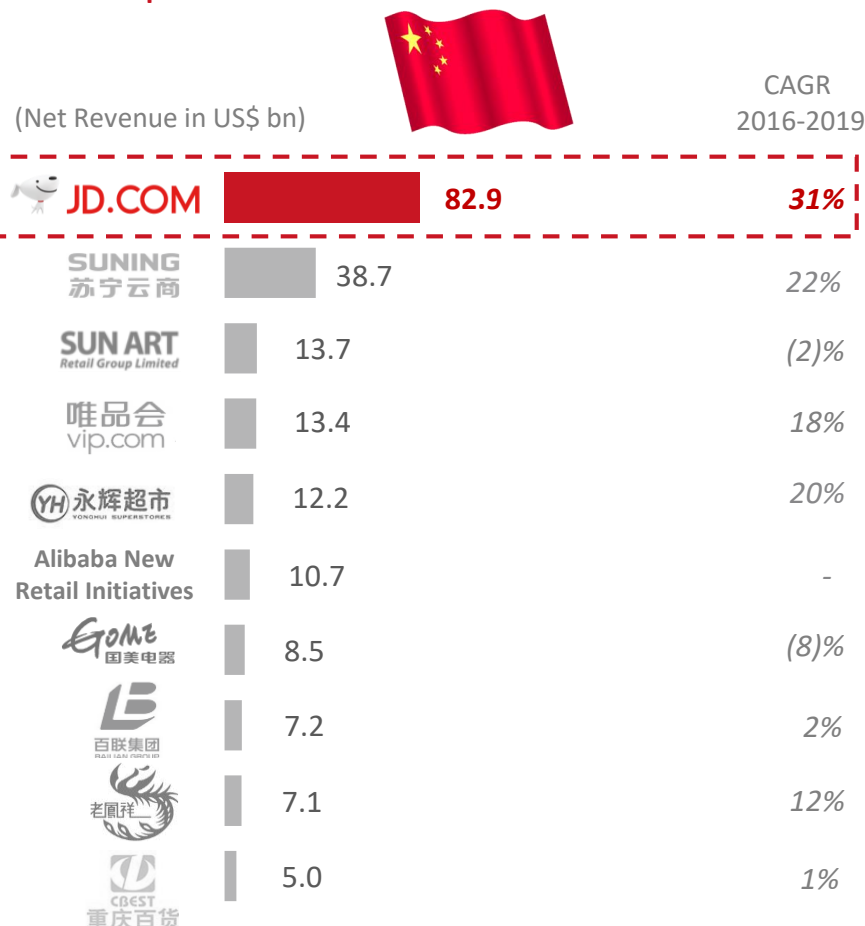
(2) Source: Euromonitor 2019. Concentration for China retail market excludes pure platform operators.

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

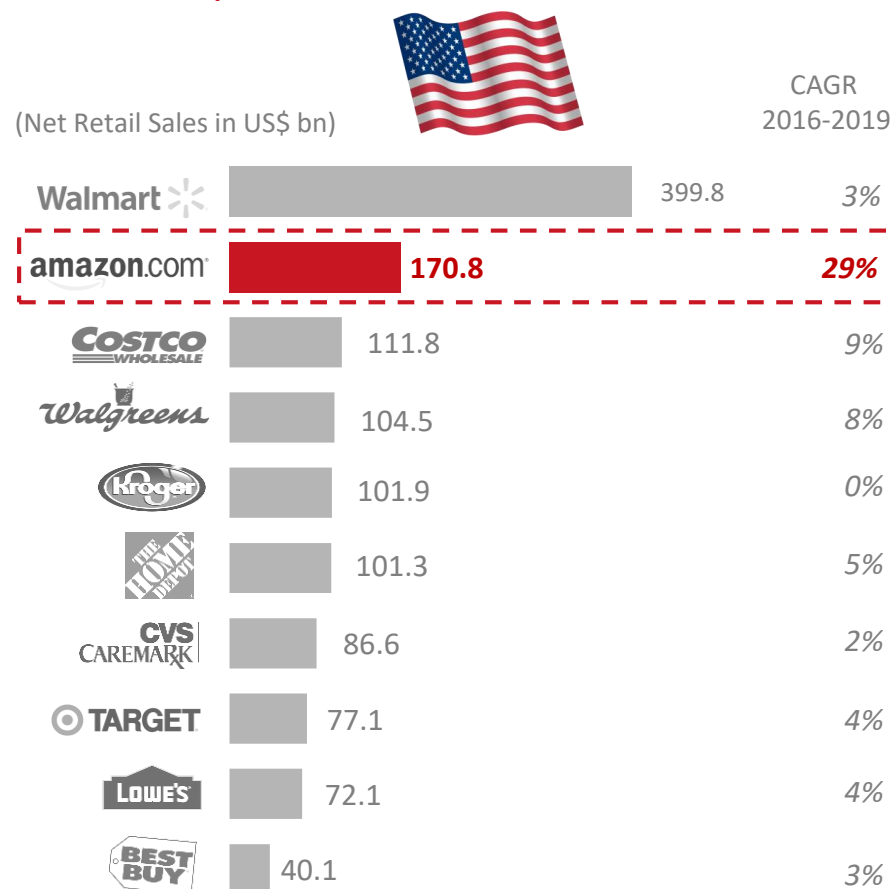
(4) Source: iResearch, 2019. Market size in terms of GMV.

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

Top 10 Listed Retailers in China ⁽¹⁾



Top 10 Listed Retailers in US ⁽²⁾



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 FY2019, Alibaba New Retail Initiatives primarily include Intime, Tmall Imports and Hema. The conversion of RMB into US\$ is based on the year-end exchange rate which was 6.9618. 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, 2020 for Walmart and Lowe's, Dec 31, 2019 for Amazon and CVS Caremark, Sept 1, 2019 for Costco, Aug 31, 2019 for Walgreens, Feb 1, 2020 for Kroger, best buy and Target, and Feb 2, 2020 for Home Depot.

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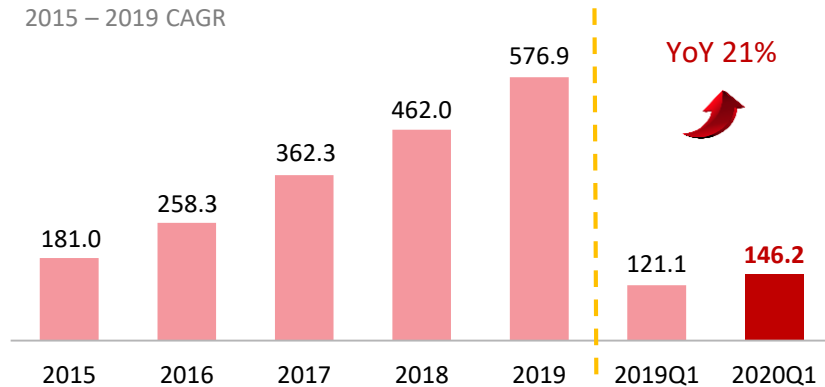
Strong Growth Momentum

Net Revenues

(RMB Billions)

34%

2015 – 2019 CAGR



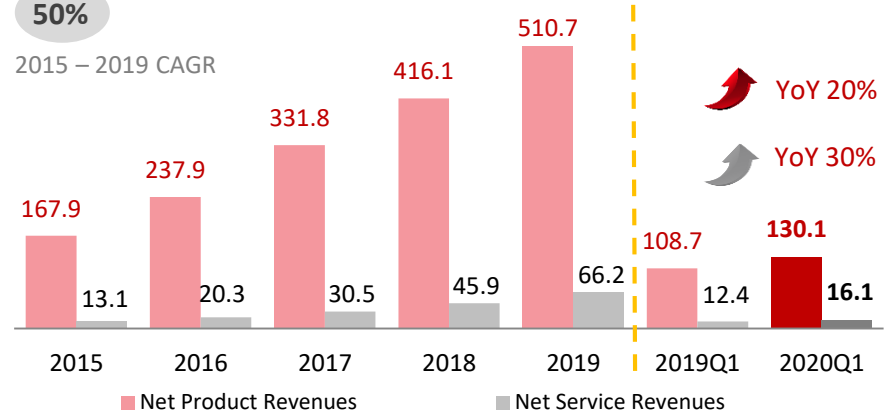
Net Revenues Breakdown

(RMB Billions)

32%

50%

2015 – 2019 CAGR



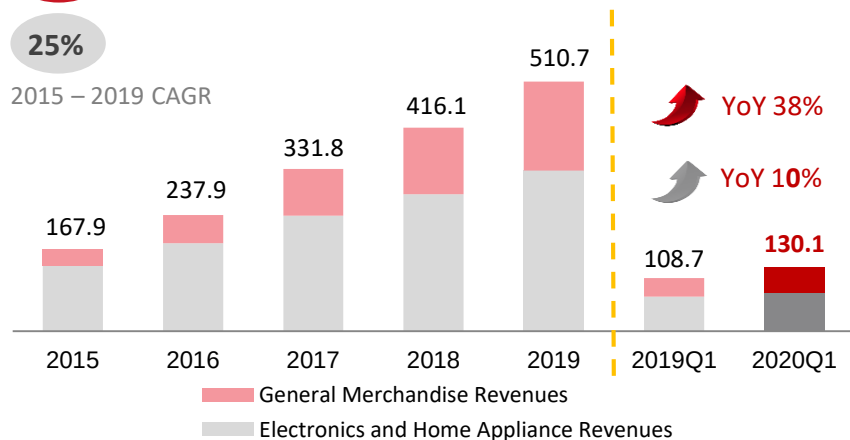
Net Product Revenues Breakdown

(RMB Billions)

53%

25%

2015 – 2019 CAGR



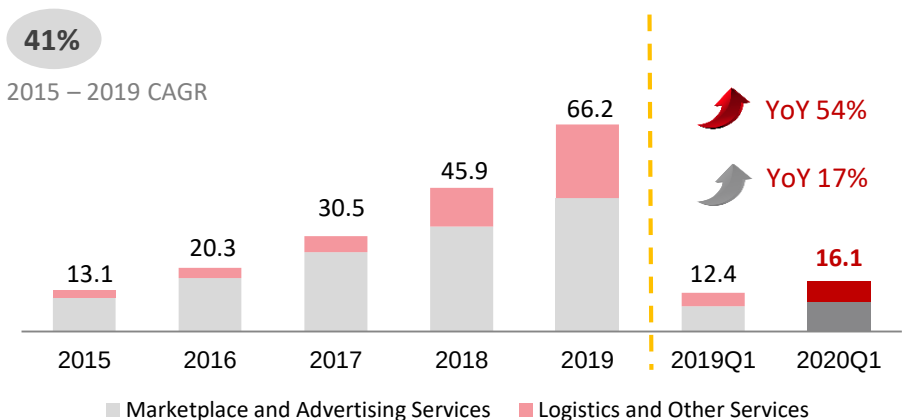
Net Service Revenues Breakdown

(RMB Billions)

77%

41%

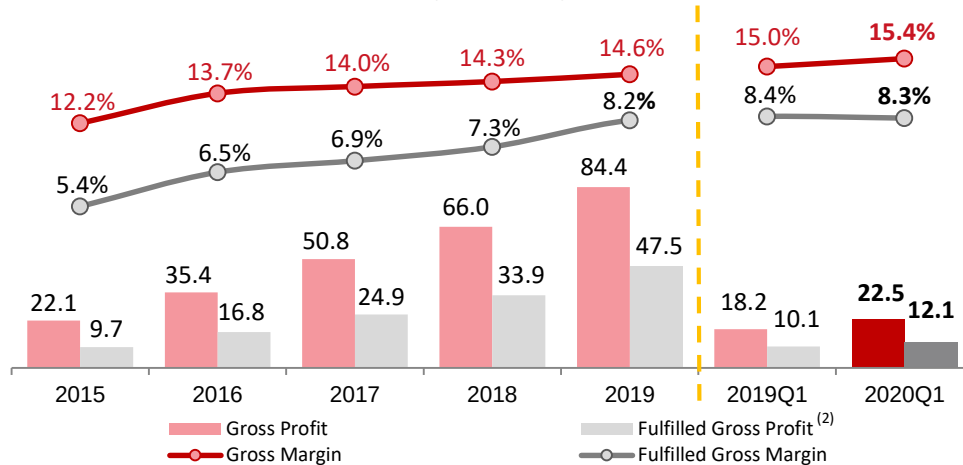
2015 – 2019 CAGR



Profitability Improving With Scale

GAAP Gross Profit / Fulfilled Gross Profit

(RMB Billions)

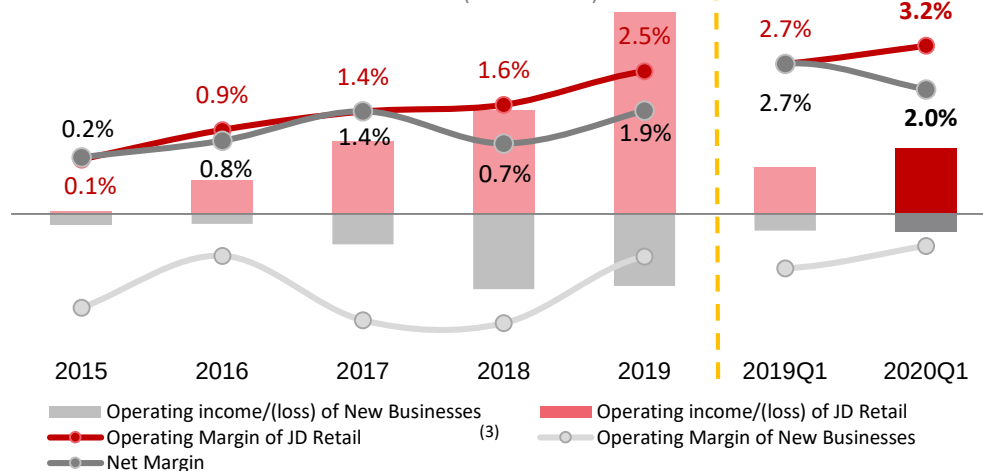


Drivers of Fulfilled Gross Margin (FGM)

- Increasing economies of scale from 1P business
- Fast growth from advertising service business
- Improved logistics scale economies

Non-GAAP Operating Profit and Non-GAAP Margins

(RMB Billions)



Drivers of Margins

- Increasing JD Retail operating leverage
- Reduced losses of third-party logistics service
- Stabilized Investments in new initiatives

(1) Refer to the company's quarterly results for Non-GAAP adjustment.

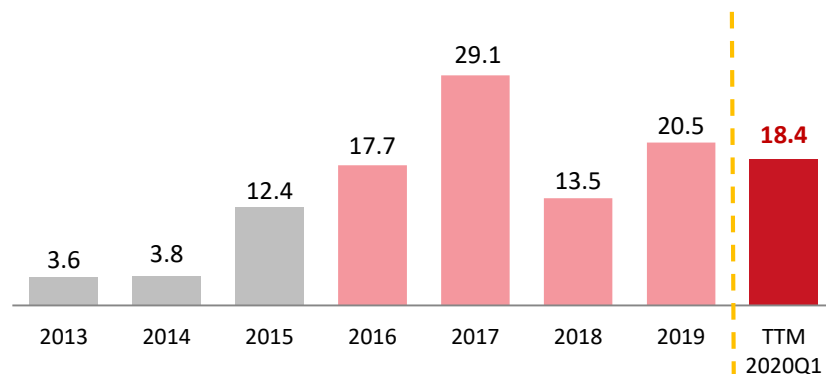
(2) Fulfilled gross profit is defined as gross profit minus fulfillment expenses.

(3) New businesses of the company include technology initiatives, overseas business, logistics services and asset management services provided to third parties, as well as sale of development properties.

Robust Cash Flow Generation

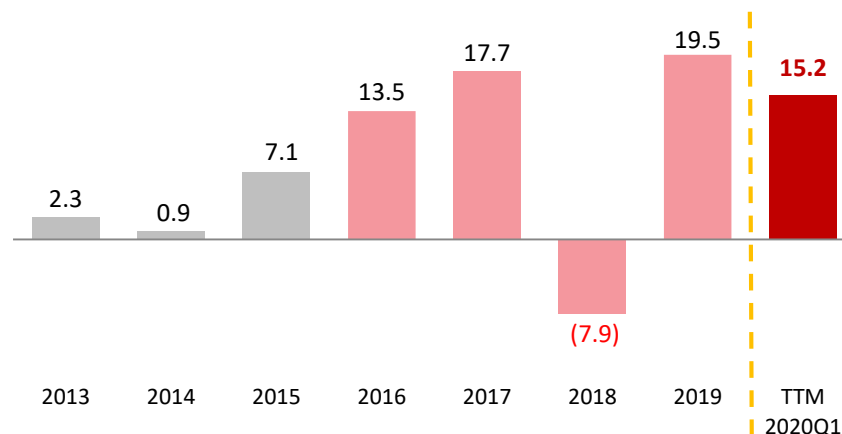
Adjusted Operating Cash Flow ⁽¹⁾

(RMB Billions)



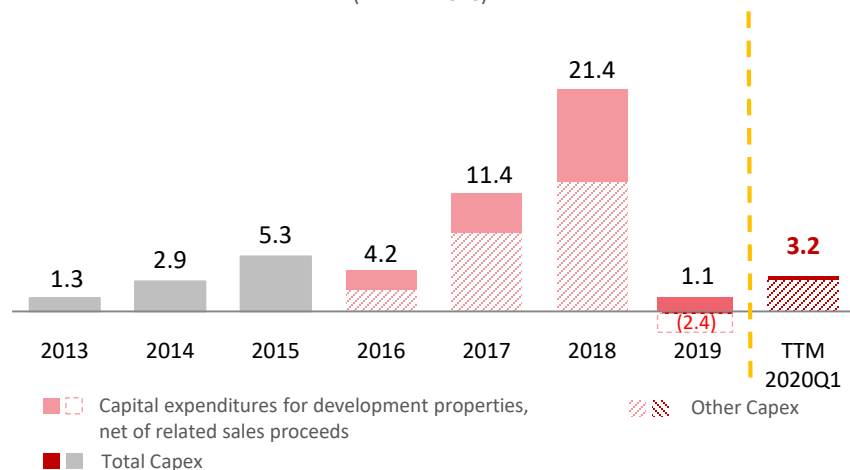
Free Cash Flow ⁽¹⁾

(RMB Billions)



Capital Expenditures ⁽¹⁾

(RMB Billions)



Free Cash Flow Characteristics



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



Development properties as a long-term cash flow positive business



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 properties 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)	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020
Net revenues	121,081,059	150,280,602	134,842,785	170,684,038	146,205,209
Non-GAAP Operating expenses					
Cost of revenues	(102,884,323)	(128,134,540)	(114,705,006)	(146,661,279)	(123,648,839)
Fulfillment	(7,963,907)	(8,990,548)	(8,590,896)	(10,817,300)	(10,226,479)
Marketing	(3,600,734)	(5,493,940)	(4,236,536)	(8,006,601)	(4,252,295)
Research and development	(3,464,650)	(3,335,533)	(3,188,751)	(3,190,146)	(3,549,860)
General and administrative	(963,407)	(838,947)	(828,326)	(978,336)	(948,871)
Non-GAAP Income from operations ⁽²⁾	1,971,932	3,217,457	2,974,945	704,016	3,255,883
Non-GAAP net income attributable to ordinary shareholders ⁽²⁾	3,294,365	3,558,935	3,085,885	810,722	2,972,206
Non-GAAP operating margin ⁽²⁾	1.6%	2.1%	2.2%	0.4%	2.2%
GAAP operating margin	1.0%	1.5%	3.7%	0.3%	1.6%
Non-GAAP net margin ⁽²⁾	2.7%	2.4%	2.3%	0.5%	2.0%
GAAP net margin	6.0%	0.4%	0.5%	2.1%	0.7%

(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 share-based compensation, amortization of intangible assets resulting from assets and business acquisitions, effects of business cooperation arrangements and non-compete agreements, gain/(loss) on disposals/deemed disposals of investments, reconciling items on the share of equity method investments, loss/(gain) from fair value change of long-term investments, impairment of goodwill, intangible assets and investments, gain and foreign exchange impact in relation to sale of development properties and tax effects on non-GAAP adjustments.

Supplemental Financial Information and Business Metrics

Supplemental Information	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020
Annual active customer accounts (in millions)	310.5	321.3	334.4	362.0	387.4
Inventory turnover days ⁽¹⁾ – TTM	36.5	36.3	35.1	35.8	35.4
Accounts payable turnover days ⁽¹⁾ – TTM	57.4	59.4	56.6	54.5	51.7
Accounts receivable turnover days ⁽¹⁾ – TTM	3.0	3.3	3.2	3.2	3.1
Free Cash Flow ⁽²⁾ – TTM (RMB billions)	2.2	7.4	15.6	19.5	15.2

(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

730+ warehouses

GFA⁽²⁾

~ 17 million sq.m.

Self-built Mega Warehouses

25 projects in **17** cities

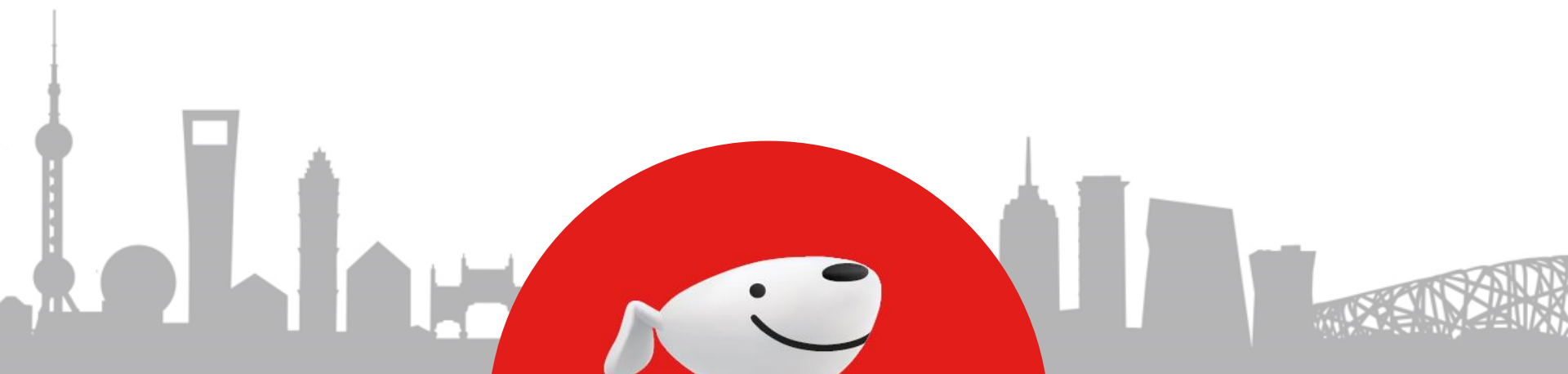
Geographic Coverage

Almost all counties & districts in China

Provide best-in-class customer experience

(1) Map and data as of Mar 31, 2020.

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



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