

# JD.com, Inc.

## *Financial and Operational Highlights*

March 2017



JD.COM 京东



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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>.

This document speaks as of December 31, 2016. 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.

# Financial Highlights



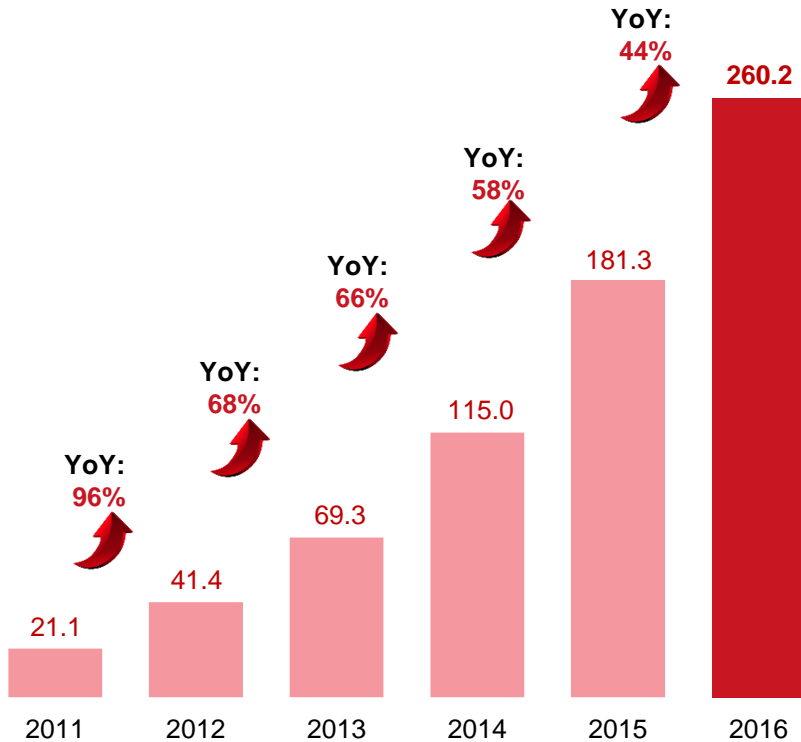
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# Net Revenues and Gross Profit

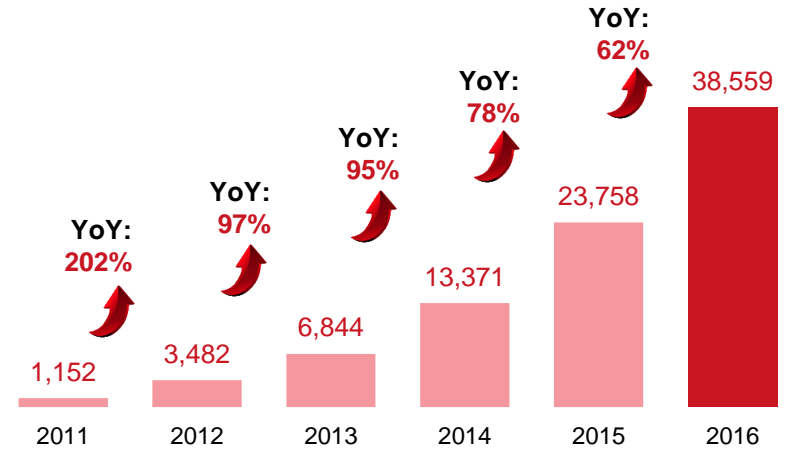
## Net Revenues

(RMB Billions)

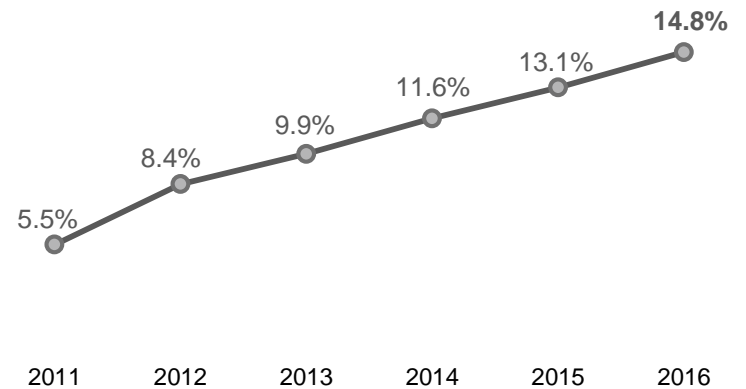


## Non-GAAP Gross Profit (1)

(RMB Millions)



## Non-GAAP Gross Margin (1)



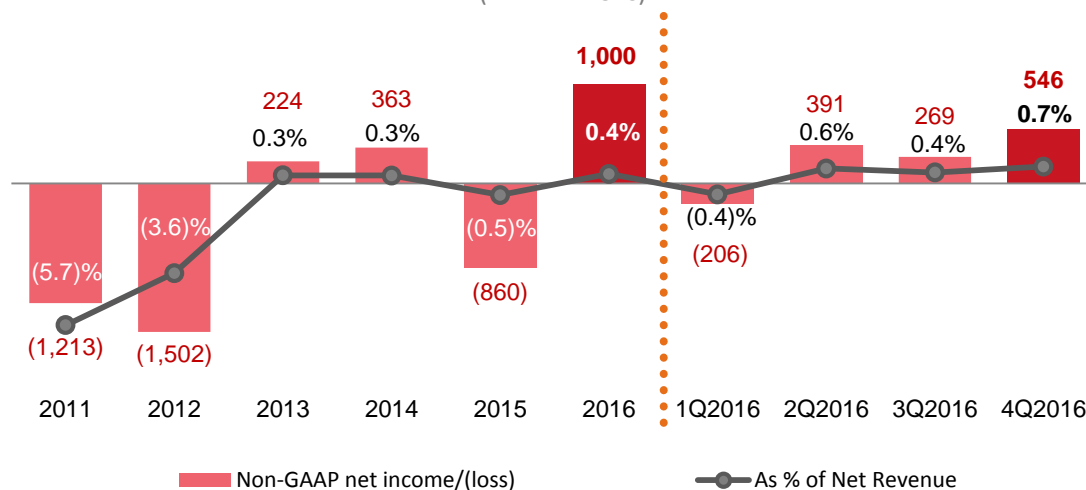
(1) Non-GAAP gross profit is defined as the difference of net revenues and cost of revenue excluding revenue from business cooperation arrangements with equity investees.

# Operating and Net Profitability

Non-GAAP Operating Margin <sup>(1)</sup>	2014	2015	2016	1Q2016	2Q2016	3Q2016	4Q2016
Non-GAAP operating margin of JD.com	(0.4)%	(0.9)%	0.4%	(0.5)%	0.6%	0.7%	0.6%
Non-GAAP operating margin of JD Mall <sup>(2)</sup>		0.3%	0.9%	0.5%	1.1%	1.1%	0.8%

## Non-GAAP Net Income/(Loss) <sup>(3)</sup>

(RMB Millions)



- (1) 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.
- (2) Non-GAAP operating margin of JD Mall is defined to exclude impact of the company's new businesses and impact of Paipai.com from non-GAAP operating margin of the company for comparative periods. New businesses of the company include JD Finance, O2O (deconsolidated since its merger with Dada Nexus on April 26, 2016), insurance, technology initiatives as well as overseas business (collectively, "New Businesses").
- (3) 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 investments and business, income from non-compete agreement, reconciling items on the share of equity method investments, impairment of goodwill, intangible assets and investments.

# GAAP & Non-GAAP Reconciliations

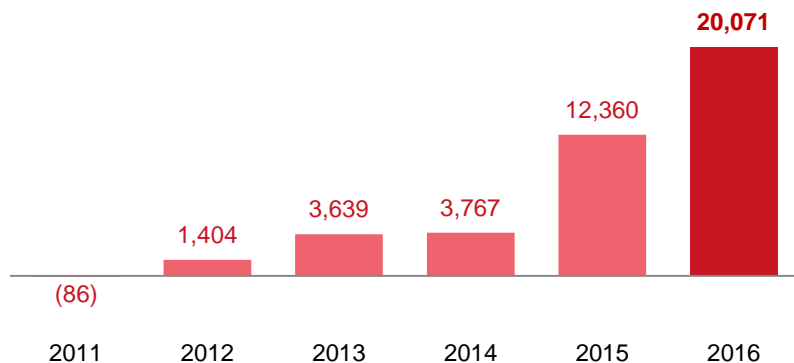
Reconciliations of GAAP & Non-GAAP Net Income/(Loss) (in RMB Millions)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Net Loss</b>	<b>(1,284)</b>	<b>(1,729)</b>	<b>(50)</b>	<b>(4,996)</b>	<b>(9,388)</b>	<b>(3,474)</b>
Add: Share-based compensation	71	225	261	4,250	1,194	2,344
Add: Amortization of intangible assets resulting from assets and business acquisitions	-	2	13	1,109	1,452	1,621
Add: Reconciling items on the share of equity method investments <sup>(1)</sup>	-	-	-	-	174	539
Add: Impairment of goodwill, intangible assets and investments	-	-	-	-	6,228	2,179
Reversal of: Gain on disposals of investments and business	-	-	-	-	-	(1,228)
Reversal of: Revenue from business cooperation arrangements with equity investees, and income from non-compete agreement	-	-	-	-	(520)	(981)
<b>Non-GAAP Net Income / (Loss)</b>	<b>(1,213)</b>	<b>(1,502)</b>	<b>224</b>	<b>363</b>	<b>(860)</b>	<b>1,000</b>
<b>Non-GAAP Net Margin</b>	<b>(5.7)%</b>	<b>(3.6)%</b>	<b>0.3%</b>	<b>0.3%</b>	<b>(0.5)%</b>	<b>0.4%</b>

(1) Represents reconciliation of JD's share of equity method investees' GAAP & Non-GAAP results, including their share-based compensations, amortization of intangible assets resulting from assets and business acquisitions, share of amortization of equity investments' intangibles not on their books, and net income attributable to mezzanine equity holder. Earning from equity method investments in publicly listed companies and certain privately held companies is recorded one quarter in arrears.

# Cash Flow Position

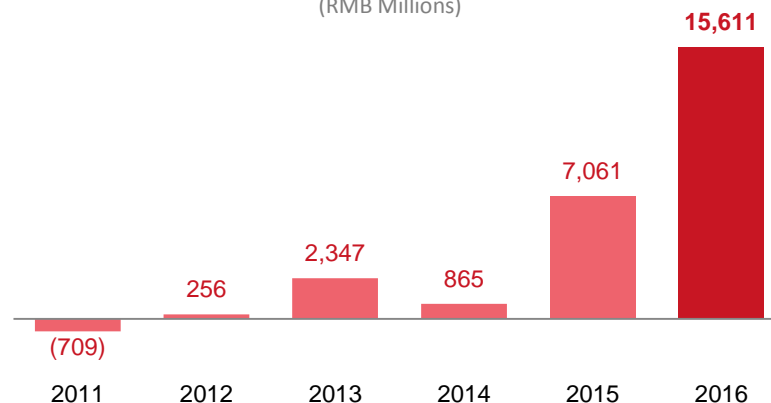
## Adjusted Operating Cash Flow <sup>(1)</sup>

(RMB Millions)



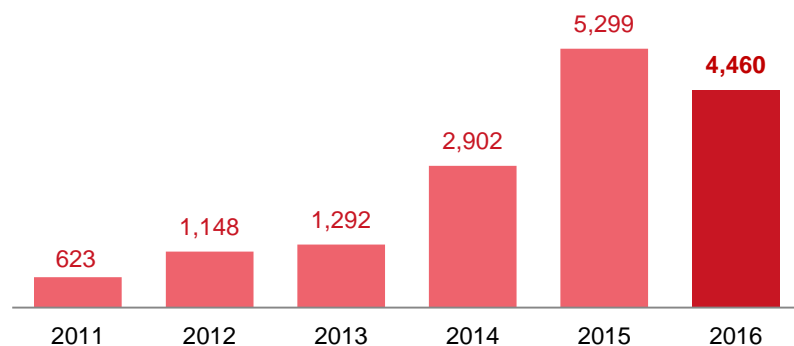
## Free Cash Flow <sup>(3)</sup>

(RMB Millions)



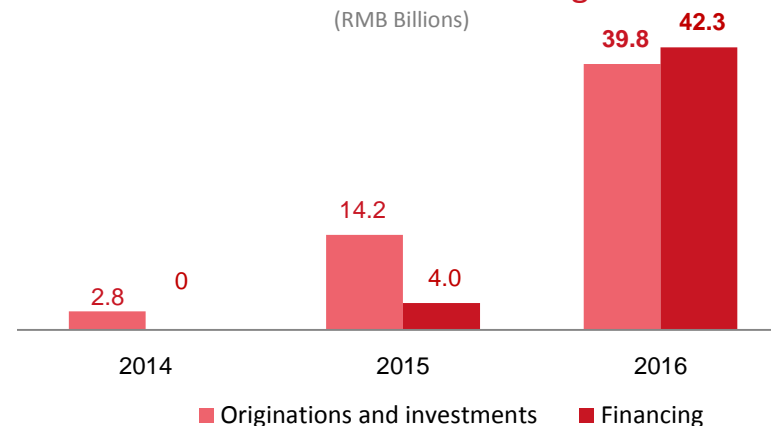
## Capital Expenditures <sup>(2)</sup>

(RMB Millions)



## JD Finance Originations, Investments and Financing <sup>(4)</sup>

(RMB Billions)



(1) Adjusted operating cash flow is defined as net cash provided by operating activities adding back JD Finance net originations/(repayments) included in operating cash flow.

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

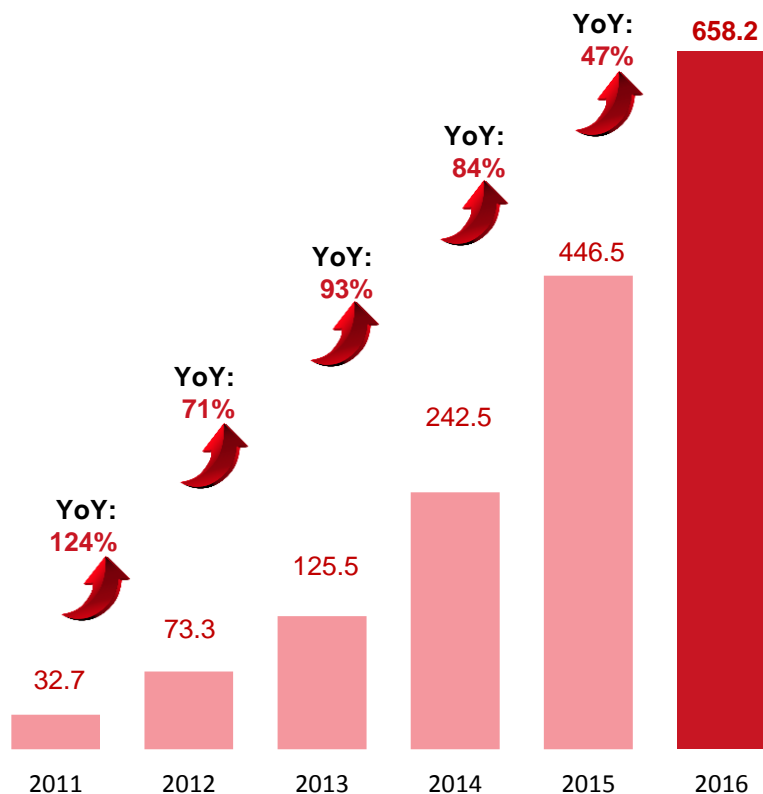
(3) Free cash flow is defined as adjusted operating cash flow less capital expenditures.

(4) JD Finance net originations primarily include "Jingbaobei," "Jingxiaodai" and "JD Baitiao" that the company provides to suppliers, merchants and customers, respectively.

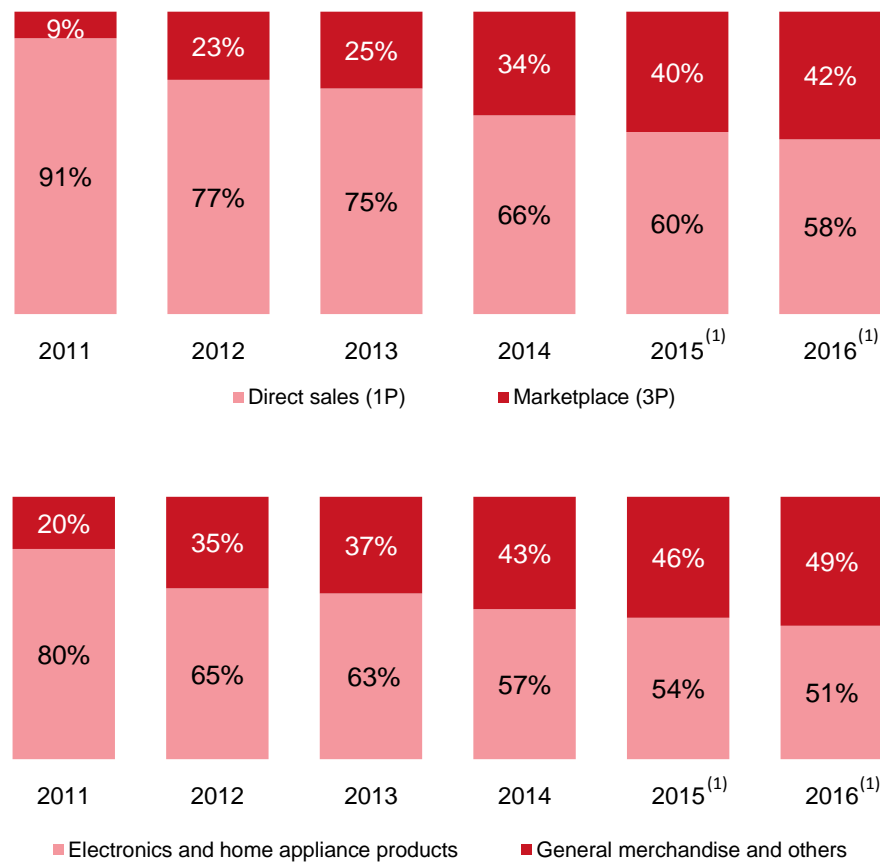
# Core GMV

## Core GMV <sup>(1)</sup>

(RMB Billions)



## Core GMV Mix <sup>(1)</sup>



7 (1) Data for all periods represent core business which excludes Paipai.com. Mix for 2015 & 2016 represents core GMV excluding virtual items.



# Segment Revenues

	For the year ended		
	December 31, 2015	December 31, 2016	December 31, 2016
	RMB	RMB	USD
	(In thousands)		
Net Revenues:			
JD Mall <sup>(1)</sup>	180,963,402	258,196,109	37,187,975
New Businesses <sup>(2)</sup>	2,014,242	4,572,335	658,553
Inter-segment <sup>(3)</sup>	(1,690,689)	(2,582,669)	(371,982)
<b>Total consolidated net revenues</b>	<b>181,286,955</b>	<b>260,185,775</b>	<b>37,474,546</b>

(1) JD Mall is defined to exclude impact of the company's new businesses and impact of Paipai.com.

(2) New businesses of the company include JD Finance, O2O (deconsolidated since its merger with Dada Nexus on April 26, 2016), insurance, technology initiatives as well as overseas business (collectively, "New Businesses").

(3) The inter-segment eliminations mainly consist of revenues related to payment processing and financing services provided by JD Finance to JD Mall, and promotion and advertising services provided by JD Mall to New Businesses.

# Supplemental Financial Information and Business Metrics

Supplemental Information	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
GMV excluding virtual items <sup>(1)(2)</sup> (in RMB billions)	78.7	103.3	105.5	137.0	125.5	157.1	155.6	206.2
Orders fulfilled excluding virtual items <sup>(1)(2)</sup> (in millions)	175.6	240.0	258.1	353.1	313.0	373.4	401.2	505.7
Active customer accounts <sup>(1)</sup> – TTM (in millions)	97.8	114.0	126.9	155.0	169.1	188.1	198.7	226.6
Inventory turnover days <sup>(3)</sup> – TTM	35.3	36.4	36.4	36.9	37.3	38.5	37.7	38.0
Accounts payable turnover days <sup>(3)</sup> – TTM	41.9	43.6	44.5	44.6	46.3	49.8	52.1	52.6
Accounts receivable turnover days <sup>(3)</sup> – TTM	3.1	3.2	3.2	3.2	3.1	3.1	3.3	3.3
Adjusted operating cash flow <sup>(4)</sup> – TTM (in RMB billions)	5.6	10.6	10.0	12.4	12.8	16.1	21.5	20.1
Capital Expenditures <sup>(5)</sup> – TTM (in RMB billions)	(3.5)	(4.0)	(4.4)	(5.3)	(5.1)	(5.1)	(4.8)	(4.5)
Free Cash Flow <sup>(5)</sup> – TTM (in RMB billions)	2.1	6.6	5.6	7.1	7.7	11.0	16.7	15.6
Cash and cash equivalents, and Short-term investments (in RMB billions)	26.4	23.8	21.6	20.6	31.1	39.7	31.6	26.9

(1) Selected operating data for all presented periods excludes the impact of Paipai.com.

(2) Virtual items primarily include prepaid phone cards, prepaid game cards, group buying coupons, and online travel products.

(3) 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) for the last twelve months, and then multiplied by 360 days; AP turnover days are for online direct sales business, excluding the impact from supplier financing; AR turnover days exclude the impact from consumer financing.

(4) Adjusted operating cash flow is defined as net cash provided by operating activities adding back JD Finance net originations/(repayments) included in operating cash flow.

(5) Free cash flow is defined as adjusted operating cash flow less capital expenditures, which include purchase of property, equipment and software, cash paid for construction in progress, purchase of office building, intangible assets and land use rights.

# Operating Metrics

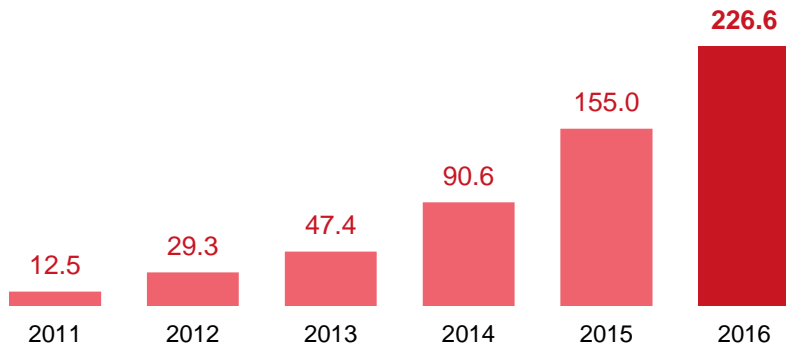


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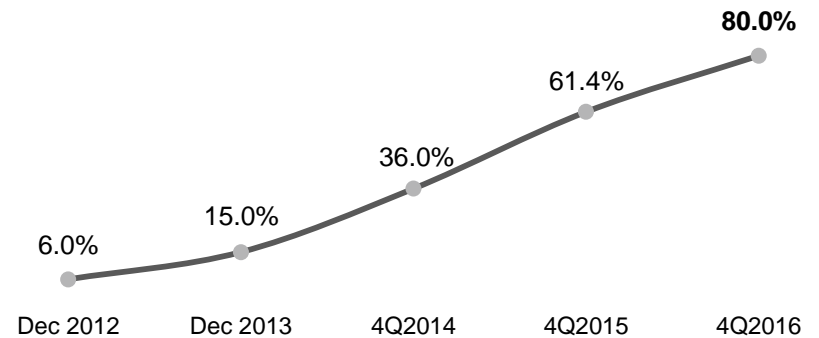


# Key Operating Metrics

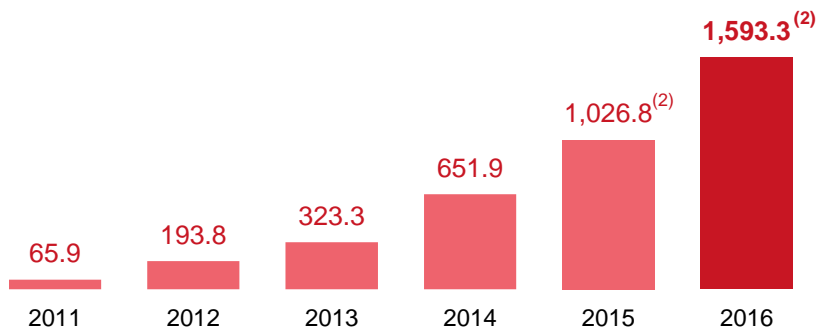
Active Customer Accounts <sup>(1)</sup>  
(Millions)



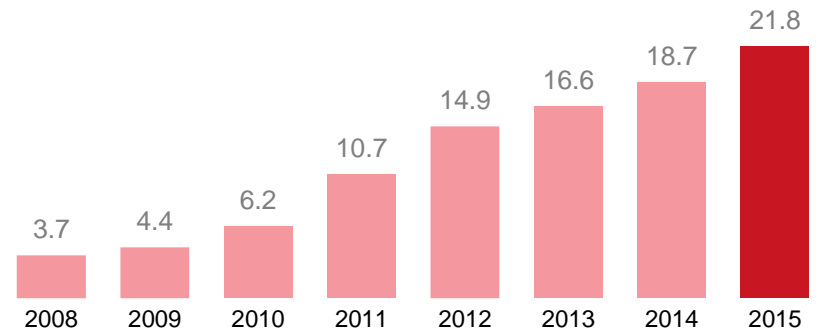
Number of Orders Fulfilled Placed on Mobile  
as % of Total Orders Fulfilled <sup>(3)</sup>



Orders Fulfilled <sup>(2)</sup>  
(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 are for core business which excludes Paipai.com unique customers.

(2) Defined as the total number of orders delivered, including the orders for products and services sold in the online direct sales business and on the online marketplaces, net of orders returned; Data for all periods are for core business which excludes Paipai.com; Data for 2015 and 2016 exclude virtual items.

(3) Data for all periods are for core business which excludes Paipai.com.

# Nationwide Logistics Network



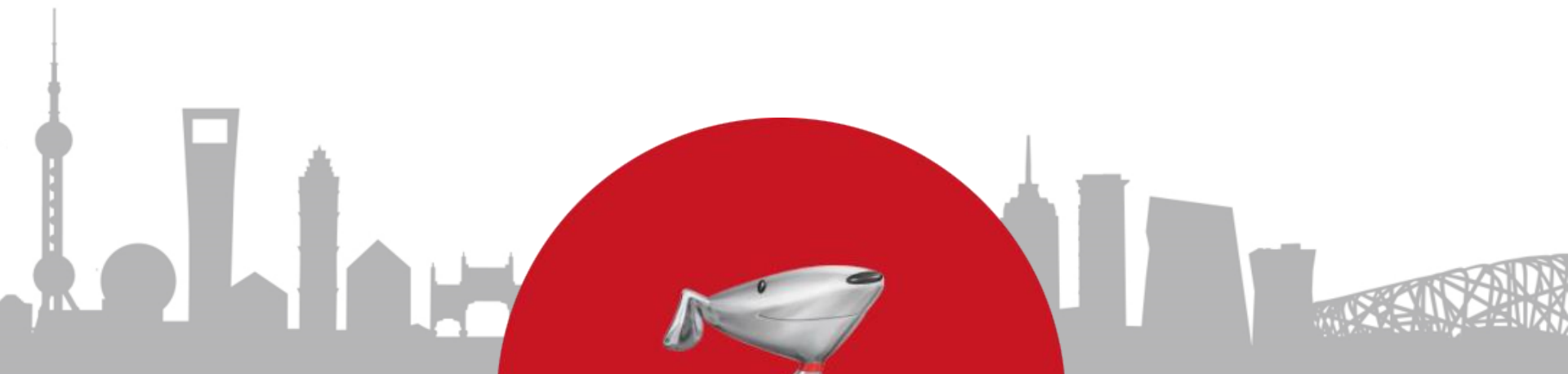
## Nationwide Warehouse Network & Last-mile Reach (1)

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



- ★ Cities with fulfillment centers (7)
- Cities with front distribution centers (25)
- ▲ Cities with bulky item warehouses (53)
- ⊡ Cities with new front distribution centers built after IPO (19)

Fulfillment Centers	7 cities
Front Distribution Centers	25 cities
Warehouses	256 warehouses
GFA	~5.6 million sq.m.
Self-built Mega Warehouses	7 projects in 6 cities
Full-time Delivery Employees	over 65,000



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