



DECEMBER 2020

JD.COM

CIMK Company Profile
2020

CIMK





CIMK MISSION & VISION

Our vision is to make public Chinese companies and their business models understandable for all different kinds of Western investors. We sincerely believe that the Chinese market's financial investments are smart due to the incomparable growth and level of innovation of this market. For rational investment decisions, a high level of information and transparency is required, which we want to provide for them.

CIMK COMPANY PROFILES

We will provide in-depth quantitative and qualitative company profiles, enabling an investor to understand a company from different angles.

For this purpose, we use English data sources and access information from a variety of Chinese data sources.

Our goal is that every investor can answer the following question after reading one of our reports:

- 1 Are the business model and the products of the company interesting for me?
- 2 Has the company a leading role in their industry?
- 3 What are the current chances and risks of this company?
- 4 Believe in the story of this company and therefore want to invest?

SUMMARY JD GROUP

JD Group was established in 2006 and is a leading technology-driven Chinese eCommerce company that is transforming into a leading supply chain-based technology and service company.

JD is the largest single retail company in China by total revenues in 2019 (Fortune Global 500). In their online retail business, they purchase products from suppliers and sell them directly to their customers. As of December 31, 2019, they sourced products from over 24,000 suppliers. They launched an online marketplace in October 2010, and so far, the online marketplace had over 270,000 third-party merchants. The eCommerce business has invested and operated a nationwide end-to-end fulfillment infrastructure that differentiates them from its competitor, Alibaba. They also try to explore a variety of omnichannel initiatives together with traditional offline retailers as Walmart. Business units of JD are:

- 1 JD Retail
- 2 JD Logistics
- 3 JD Property
- 4 JD Health
- 5 Strategical Investment

EVALUATION JD.COM

We evaluate the multilayered company based on three different dimensions.



Chances

- JD build up one of the comprehensives and broadest logistic network, which gives them full control of the logistic process
- They can offer an optimized logistic service for all market place participants and customers (potential lock-in-effect)
- Their own retail brand is seen as trustworthy and reliability
- The combination of online retail and market place enables them to get a lot of valuable customer data
- Strong partnerships with Tencent, Google, and Walmark

Risks

- JD has an accumulated deficit (net loss) of S\$1,711 million (2017 & 2018 they still had a net loss)
- The establishment of the fulfillment infrastructure is expensive, and they rely on external capital (asset-heavy business model)
- High reliability on the consumer brand JD.com for all their products

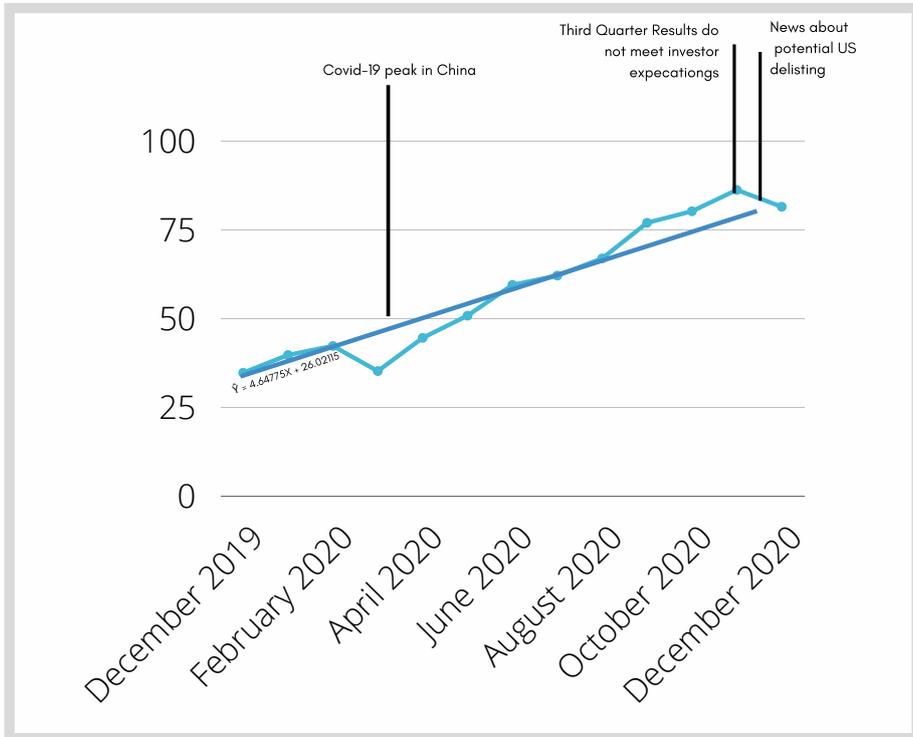


Competitive Position

- They are market leader with their online retail brand JD.com
- Their market place is significantly smaller compared to the third-party market place operated by Alibaba
- They not only compete in eCommerce with Alibaba but also with the last mile logistic providers SF Express and STO Express
- High number of customer data enables very high-quality marketing and targeting options, which can be seen as a market entry barrier

STOCK MARKET PERFORMANCE

(22 December)

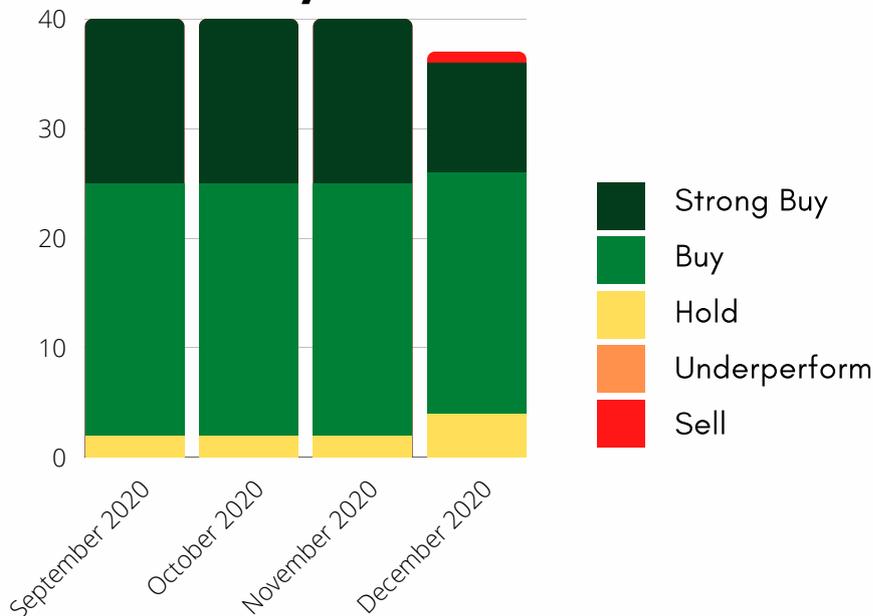


Summary

Price: 82.79
 Market Cap: 129.085B
 EPS: 0.15
 PE Ratio: 563.20
 Price/Sales: 1.18
 Price/Book: 5.49
 52 Week Range: 32.70 - 92.77
 Volume: 7,705,373
 Earnings Date: Aug 10, 2020 - Aug 16, 2020

Shares Outstanding: 1.55B
 % Held by Institutions: 47.32%

Analyst Recommendation



Listed at

NYSE
 New York Stock Exchange
 (JD)

HKEX
 香港交易所
 Hong Kong Stock Exchange
 (9618.HK)

Take Away JD's stock has more than doubled in value in 2020. After a decline due to Covid-19, the share has risen again strongly. The trend is currently pointing downwards due to not meeting the analyst predictions in the third quarter and the fear of delisting in the US.

FINANCIAL PERFORMANCE

Annual Performance

(31.12.2019)

General Financial Numbers

(in \$1,000)

Income Statement

		Growth
Total Revenue	\$82,865,000	24.86%
Gross Profit	\$12,126,000	26.41%
Operating Income	\$1,292,000	443.45%
Net Income	\$1,708,000	524.56%

Balance Statement

Cash and Cash Equivalents	\$5,310,6121	7.90%
Short-term investments	\$3,534,000	1108.39%
Total Assets	\$37,306,977	24.17%
Total Current Liabilities	\$20,112,187	15.84%
Total Liabilities	\$22,853,210	20.22%
Total Equity	\$12,160,627	39.09%

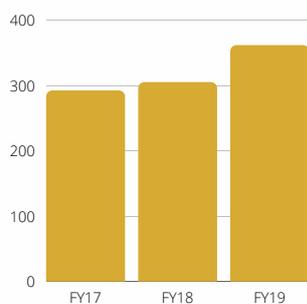
Cash Flow Statement

Net cash provided by operating activities	\$3,559,600	18.67%
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Industry-Specific Financial Numbers

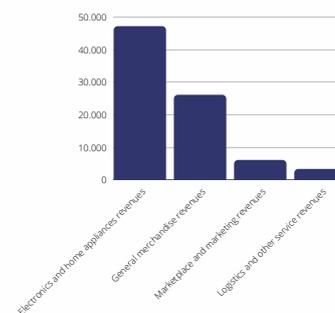
Annual Active Customer Accounts

(in Million)



Revenue per Company Segment

(in Million)



General Financial Numbers

(in \$1,000)

Income Statement

		Growth
Total Revenue	\$25,659,017	29.2%
Gross Profit	-	-
Operating Income	\$645,597	-11.86%
Net Income	\$1,117,222	1277%

Balance Statement

Cash and Cash Equivalents	\$10,768,377	97.75%
Short-Term Investments	\$7,128,878	96.73%
Total Assets	\$55,128,463	44.11%
Total Current Liabilities	\$25,420,585	23.26%
Total Liabilities	\$29,342,426	25.21%
Total Equity	\$23,263,037	86.56%

Cash Flow Statement

Net cash provided by operating activities	\$1,805,066	871.04%
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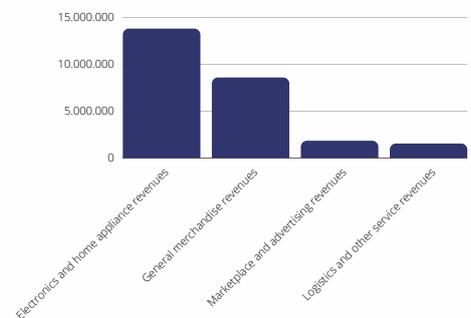
Industry-Specific Financial Numbers

Annual active customer accounts



Revenue per Company Segment

(in \$1,000)



Take Away

JD is a fast-growing company that is able to grow customers and revenue by around 30%. In addition, they also were able to become profitable in 2019. Despite high logistic investments, they still heavily rely on their eCommerce business.

ORGANIZATION & PRODUCTS

JD.com can be divided into 5 different business units



- JD Retail
- JD Logistics
- JD Property
- JD Health
- Strategical Investment

In all of these business units, JD.com offers different brands or products described in the following pages.

1. JD Retail

1.1 Online Retail

The core eCommerce business offers customers a wide selection of products at competitive prices. JD purchases the products from suppliers and sells them directly to our customers. As of December 31, 2019, they have sourced products from over 24,000 suppliers. Their nationwide fulfillment infrastructure strongly supports the eCommerce business. Online customer shopping is mainly experienced through highly personalized mobile apps and website www.jd.com. They also provide comprehensive customer services and convenient payment options. The customer base is rapidly expanded, with 362.0 million annual active customer accounts in 2019. Subscribers of JD PLUS, JD.com's paid membership program, exceeded 20 million in October 2020. JD PLUS has expanded its membership offerings from exclusive sales discounts, shipping savings, and 24 hour dedicated customer services.



1.2 Online Marketplace

JD launched the online marketplace in October 2010. Since then, they have been continually adding third-party merchants and introducing new products and services, including premium international brands, to their customers. As of December 31, 2019, their online marketplace had over 270,000 third-party merchants. In the online marketplace business, third-party merchants offer products to customers and pay JD sales commissions. The goal is to provide customers with the same high-quality customer experience, regardless of the source of the products they choose.



1.2 Omni-channel initiatives



JD collaborates with Walmart on eCommerce by launching Walmart and Sam's Club Flagship Stores on our platform and providing fulfillment solutions to them.



7FRESH is our offline fresh food supermarket brand.

2. JD Logistics

JD made a strategic decision in 2007 to invest in and build their own nationwide fulfillment infrastructure. As of September 30, 2020, JD Logistics operated over 800 warehouses, which covered an aggregate gross floor area of approximately 20 million square meters, including warehouse space managed under the JD Logistics Open Warehouse Platform. JD Logistics leverage advanced technology and logistics expertise to provide integrated supply chain and logistics services to businesses across a wide range of industries, including those beyond e-commerce. JD Logistics provides business partners with comprehensive supply chain solutions, including warehousing management, transportation, delivery, after-sales service, and logistics technology solutions, including cloud-based service and data analytics, among others. In February 2018, JD entered into definitive agreements with third-party investors for the financing of JD Logistics. They have raised a total amount of US\$2.5 billion from third-party investors, who owned an aggregate of approximately 19% stake in JD Logistics. Still, JD has remained as the controlling shareholder of JD Logistics. JD's fulfillment infrastructure is powered by proprietary smart logistics and automation technologies, such as intelligent hardware, robotics, voice recognition, computer vision, and deep learning, allowing them to improve their operational efficiency continuously.



3. JD Property

JD Property is a property management group, owns, develops, and manages JDs' logistics facilities and other real estate properties, to support JD Logistics and third parties. In February 2019, JD Property established the JD Core Fund, together with GIC, Singapore's sovereign wealth fund, for total committed capital of over RMB4.8 billion.



4. JD Health



Over the past few years, JD Health is building a comprehensive “Internet + healthcare” ecosystem, providing pharmaceutical and healthcare products and internet healthcare services to the customers. In November 2019, JD Health completed the non-redeemable series A preferred share financing with a group of third-party investors. The total amount of financing raised was US\$931 million, representing 13.5% of the ownership of JD Health. JD Health launched its JD Family Doctor brand in 2020. The program offers one-stop services integrating all of JDHealth’s online healthcare services and providing Chinese families with various family-oriented health management packages, including dedicated family doctor teams, unlimited specialist consultations, doctor referrals, 24/7 health managed services and more. JD Health has submitted the post-hearing information pack (the “PHIP”) to the Hong Kong Stock Exchange (“HKEX”) for publication on November 15, 2020, in connection with the proposed separate listing of JD Health in Hong Kong.

5. Strategical Investments & Cooperation



China Unicom (Chinese telecommunications operator)



Vipshop (Online discount retailer for brands in China)



Wanda Commercial Properties (Leading developer, owner, and operator of commercial properties in China)



Jiangsu Five Star (Leading offline retailers of home appliances and consumer electronics in China)



AiHuiShou (Online second-hand consumer electronics trading platform)

Take Away

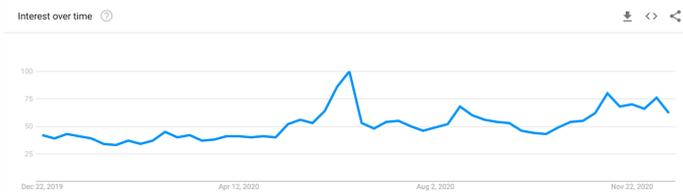
JD is primarily involved in its online retail operations and the expansion of its supply chain infrastructure. JD health is a new business area, where it remains to be seen whether its logistic know-how will also give it a competitive edge. They also make smart, strategic investments in future eCommerce competitors.

SENTIMENT IN SOCIAL MEDIA

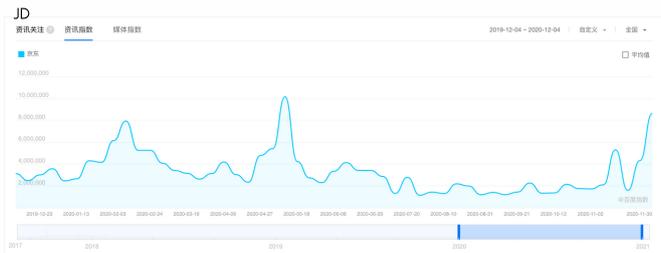
Baidu Search index



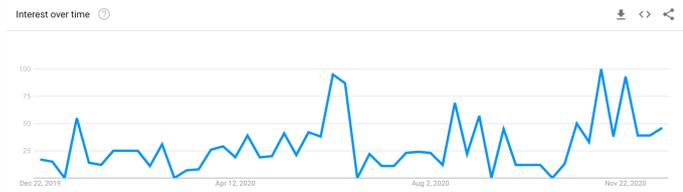
Google Trends Index



Baidu News index



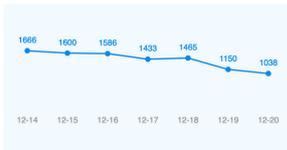
Google Trends News Index



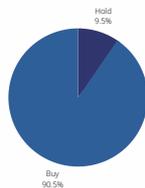
Other Rankings



User request of company



Overall Analyst Opinion

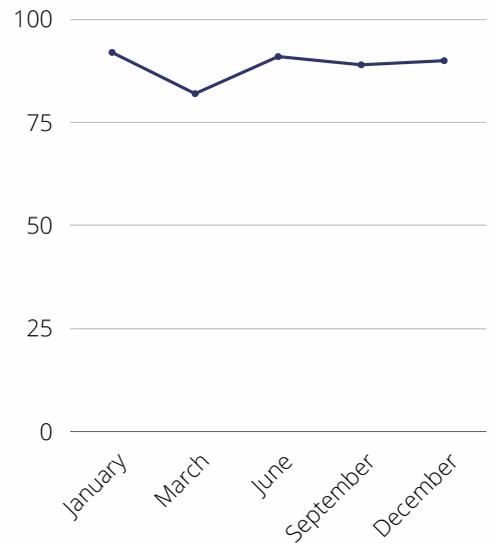


Technical Analysis

Moving average index: Sell 8 Buy 4

MoTechnical index: Sell 6 Buy 2

Social Media Sentiment



Take Away In the last year, there was a high peak of interest around June in the search and news coverage. The reason for that was JDs' IPO at the Hong Kong Stock Exchange.

NEWS

Western News Sources

Do Options Traders Know Something About JD.com (JD) Stock We Don't?

Tue, December 15, 2020, 2:55 PM GMT+1
[LINK](#)

Chinese e-commerce platform JD.com kicks off digital yuan trial at Double Twelve shopping festival

December 14, 2020
[LINK](#)

JD Health's IPO Is a Success. It May Be One Piece of JD.com's Listings Spree.

December 9, 2020
[Link](#)

more..

39 news in December

Chinese News Sources

The Ministry of industry and information technology reported infringement of users' rights and interests, APP Jingdong and Tencent News were named

From the press release at 10:02 today
[Link](#)

JD Digital Technology Co., Ltd.: Chen Shengqiang becomes vice chairman and Li Yayun takes over CEO

From the press release at 09:22 today
[Link](#)

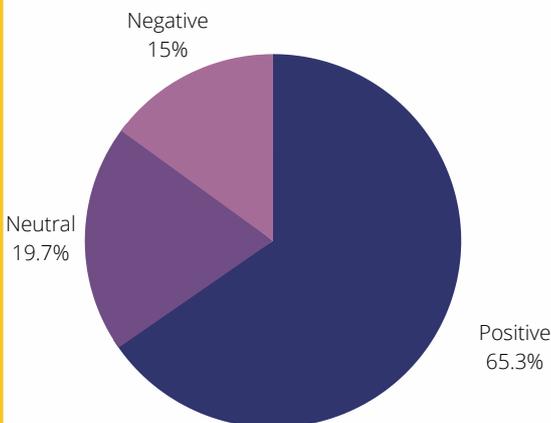
JD's affiliated companies apply for trademarks such as "蝻蝻购" and "区区购"

2020/12/21 07:01
[LINK](#)

more..

290 news in December

News Analysis



Take Away

Despite the stock market performance, there are certain negative news around JD and its investments. A potential US delisting is considered critically.



THANK YOU

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2020

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