

## C3Q:21 China eCommerce Preview

## Summary

Below we outline our thoughts for our China eCommerce coverage ahead of the September quarter results. We expect growth in the quarter to decelerate against difficult comparisons and unfavorable macro headwinds. 3Q results will be impacted by the following headwinds: 1) global supply chain constraints, 2) Delta variant concerns and 3) flooding in China. Though regulatory pressures have eased in recent months, uncertainty around the future of common prosperity initiatives and further regulatory scrutiny remains high. NBS data in the quarter has shown a decline in discretionary goods, which will be reflected in slower marketplace growth. As a result of the macro headwinds and regulation uncertainty, we are lowering our near term estimates, but maintaining our Buy ratings and targets price.

## Key Points

**China online physical good sales growth decelerates on two-year stacked basis.** Total China retail sales growth decelerated for the second consecutive quarter in 3Q. Total retail sales growth in 3Q fell to +5% y/y from +14% y/y in 2Q, primarily due to more challenging compares. Total monthly retail sales growth decelerated m/m in July to +8.5% y/y and August (+2.5% y/y), before accelerating slightly in September to +4.4% y/y. On a two-year stacked basis, 3Q total retail sales growth rose +6%, decelerating from +10% (two-year stacked) in 2Q. For the full quarter, online physical sales growth also decelerated sequentially to +9% y/y, from +13% in 2Q. Online physical sales growth was healthy on a two-year stacked basis at +25%, decelerating from +30% two-year stacked growth in 2Q. Online physical goods as a percentage of total retail sales (Exhibit 1) averaged 23.3% in 3Q, increasing approximately +376bps from 3Q:19 but down approximately -200bps q/q. At the category level, tobacco and alcohol, beverages, gold and silver jewelry and food averaged the highest growth rates in 3Q (Exhibits 3, 4). We highlight that apparel and cosmetics growth had a significant sequential deceleration in 3Q, with apparel growth falling approximately -20pts q/q to -1.1% y/y and cosmetics growth falling -13pts q/q to +2.2% y/y.

**Alibaba (BABA, Buy, \$165.94):** Alibaba is expected to report F2Q:22 results in mid-November. With this preview, we are lowering our current-quarter revenue growth estimate to +32.5% y/y (from +37.1% y/y). A reduction in our revenue forecast reflects slower than previously modeled revenue stemming from slowing growth in discretionary categories, per NBS data. We note that in late September, due to Chinese regulation, Alibaba began allowing WeChat Pay (owned by Tencent) integration on some of its apps. WeChat Pay is yet to get integrated onto the company's main eCommerce platforms, Taobao and Tmall, but we believe continued integration will benefit brand exposure and lessen unfavorable regulatory pressures. Alibaba will likely face regulation changes surrounding data security and privacy, but we believe the company is well positioned to modify its tech systems to comply with regulation without limiting business operations. Concerns around common prosperity initiatives remain, but the company believes it will not have a long-term impact on profitability.

**BABA estimate details:** Our key revenue estimate changes for the September quarter are as follows: China Commerce Retail to +37% y/y from +45% previously (Street +37%), International +31% y/y from +28% previously (Street +38%), Cainiao +28% y/y from +30% previously (Street +34%), Local Consumer Services +35% y/y from +25% previously (Street +18%), Cloud +26% y/y from +27% previously (Street +29%), DME +4% y/y from +10% previously (Street +8%). NBS data has shown a slowdown in growth of apparel, consumer electronics and cosmetics that will impact revenue growth. Importantly, the company has noted progress in user growth in lower tier markets and technology adoption. The company's international retail and hotel business has seen strong growth that will be offset slightly in 3Q as AliExpress growth slows due to new VAT regulations. The company's digital media and entertainment business growth has been stunted by content delays as a result of the pandemic. We lowered our F2Q adj. EBITDA margin estimate by -70bps to 19.8% (Street 19.3%) as we expect continued investment in lower tier cities, the company's mobile app strategy, merchant support tools, local services and international business. Our FY:22 adj. EBITA margin estimate is now 18.2% (18.6% previously) versus the Street's 17.7%.

**JD.com (JD, Buy, \$78.75):** JD.com is expected to report 3Q:21 results in mid-November. JD.com also faces tougher comparisons in 3Q, as the company continues to lap elevated eCommerce performance. The company has faced challenges due to chip and component shortages, flooding, power shortages and global supply chain constraints that will likely limit upside potential, specifically in consumer electronics and home appliance categories. We note that [JD.com acquired the China Logistics Property Company](#) in early September that will strengthen the company's logistics business and long-term growth opportunity. We expect order volume and total investment spend to rise sequentially in 4Q.

Symbol	10/29/21	Rating		Target Price		Current Qtr.		Current FY		Current FY+1	
	Price	To	From	To	From	To	From	To	From	To	From
BABA	\$165.94	Buy	--	\$210.00	--	\$1.93	\$2.03	\$9.92	\$10.25	\$11.85	\$11.81
JD	\$78.75	Buy	--	\$100.00	--	\$0.32	\$0.33	\$1.30	\$1.35	\$1.73	\$1.79

Note: Price is intraday.

Source: Factset and Stifel estimates

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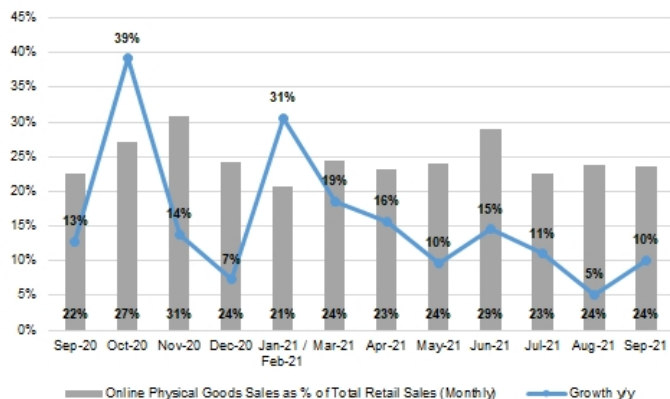
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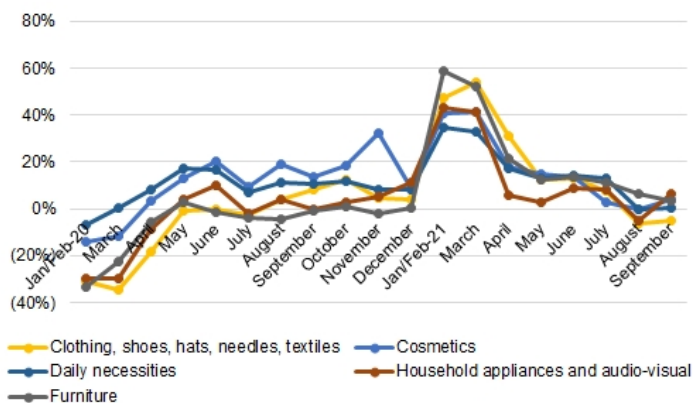
**JD.com estimate details.** We are lowering our total revenue forecast to +24% y/y from +31% previously (Street +25% y/y). We now expect Product revenue to increase +22% y/y from +29% previously (Street +22% y/y), and Services revenue to increase +40% y/y from +43% previously (Street +44% y/y). On profitability, we expect net margin of 1.5% in the quarter, slightly ahead of the Street's 1.3% estimate. Our margin estimate reflects expectations of fulfillment and capacity investments, and stable JD retail margins. 3Q:21 margin will face downward pressure from lower group community purchase margins. On the call, we will look for commentary on demand expectations, competitive intensity, community group buy initiatives, and JD Logistics investment requirements. We do not expect significant growth acceleration in 4Q.

**Exhibit 1 - Monthly China Online Retail Sales of Physical Goods y/y Growth & Online Penetration**



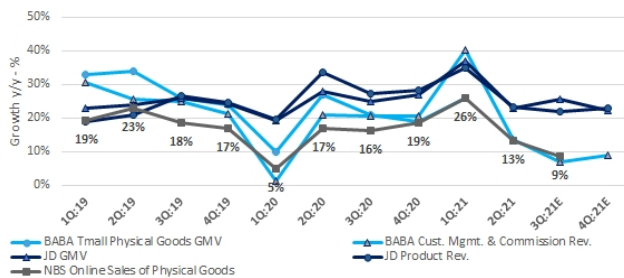
Source: Company documents, National Bureau of Statistics, Stifel estimates

**Exhibit 3 - Key China Retail Category y/y Growth**



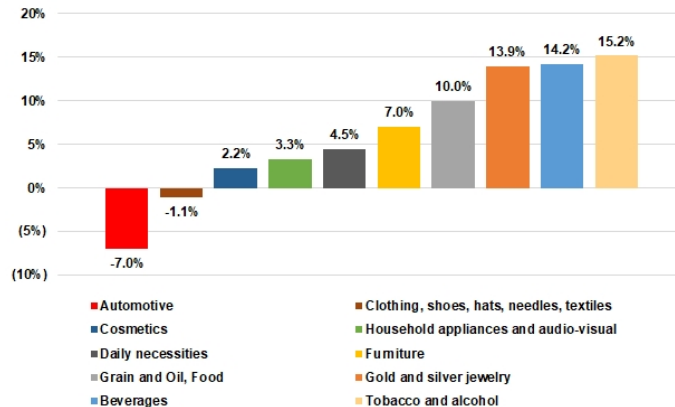
Source: National Bureau of Statistics

**Exhibit 2 - Quarterly China Online Sales of Physical Goods vs. BABA & JD KPIs**



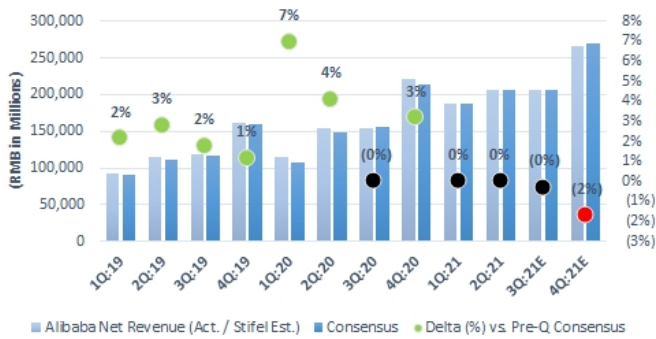
Source: Company documents, National Bureau of Statistics, Stifel estimates  
 Note: All quarters reflect calendar year periods

**Exhibit 4 - Average y/y Growth by Category for C3Q**



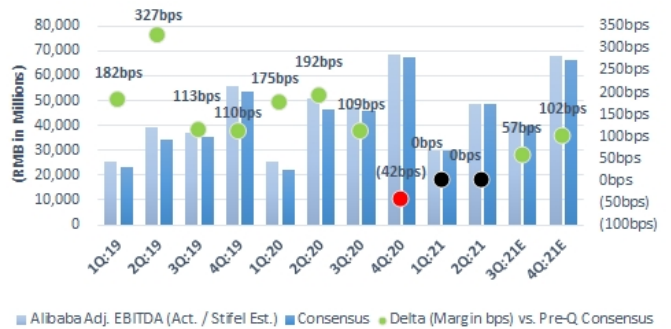
Source: National Bureau of Statistics

**Exhibit 5 - Alibaba Revenue (Act. / Stifel Est.) vs. Consensus**



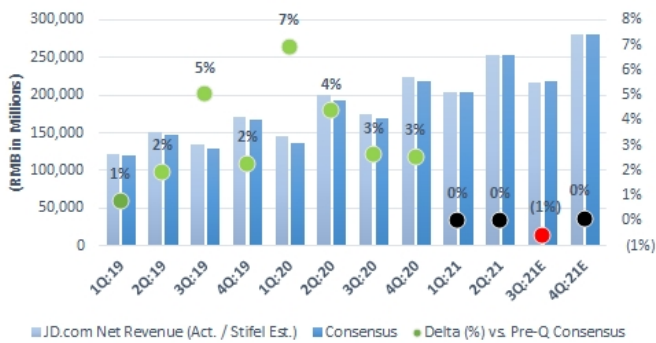
Source: Company documents, FactSet, Visible Alpha, Stifel estimates  
 Note: All quarters reflect calendar year periods

**Exhibit 6 - Alibaba Adj. EBITDA (Act. / Stifel Est.) vs. Consensus**



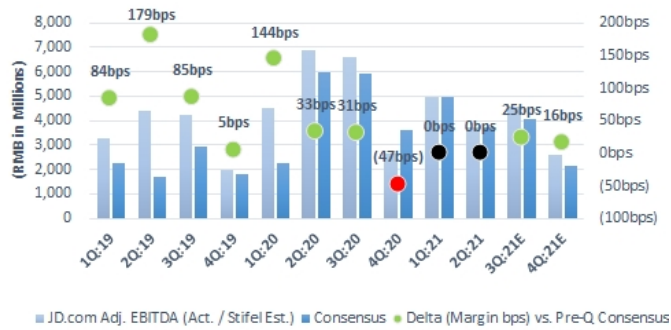
Source: Company documents, FactSet, Visible Alpha, Stifel estimates  
 Note: All quarters reflect calendar year periods

**Exhibit 7 - JD.com Revenue (Act. / Stifel Est.) vs. Consensus**



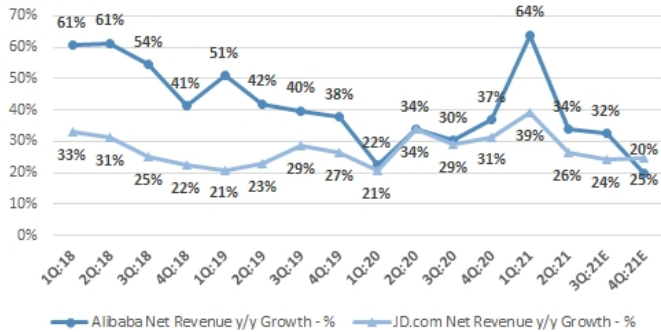
Source: Company documents, FactSet, Visible Alpha, Stifel estimates  
 Note: All quarters reflect calendar year periods

**Exhibit 8 - JD.com Adj. EBITDA (Act. / Stifel Est.) vs. Consensus**



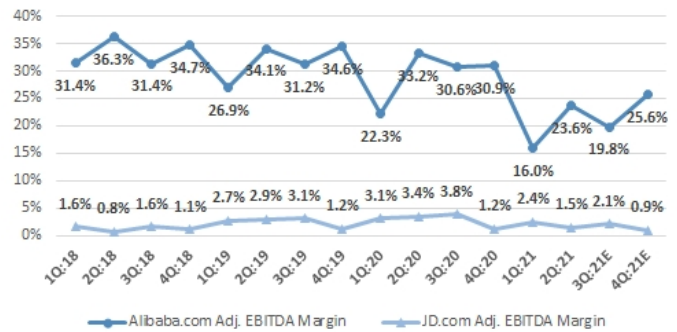
Source: Company documents, FactSet, Visible Alpha, Stifel estimates  
 Note: All quarters reflect calendar year periods

**Exhibit 9 - Alibaba vs. JD.com y/y Revenue Growth Rates (Stifel Estimates)**



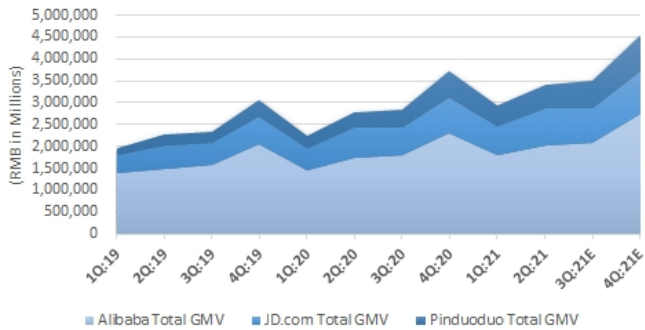
Source: Company documents, FactSet, Visible Alpha, Stifel estimates  
 Note: All quarters reflect calendar year periods

**Exhibit 10 - Alibaba vs. JD.com Adj. EBITDA Margin (Stifel Estimates)**



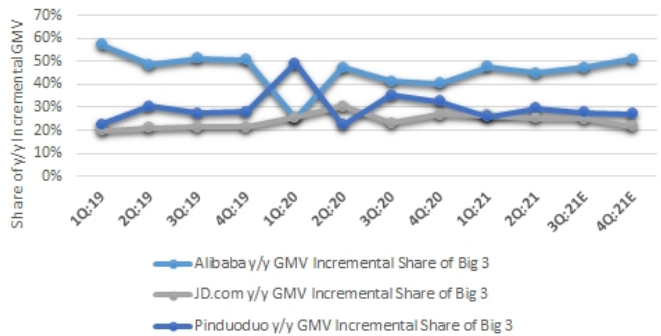
Source: Company documents, FactSet, Visible Alpha, Stifel estimates  
 Note: All quarters reflect calendar year periods

**Exhibit 11 - Alibaba, JD.com, and Pinduoduo Estimated Aggregate GMV**



Source: Company documents, FactSet, Visible Alpha, Stifel estimates  
 Note: All quarters reflect calendar year periods; share of industry calculated with the aggregate GMV of BABA, JD, PDD as the denominator

**Exhibit 12 - Alibaba, JD.com, and Pinduoduo Share of y/y Incremental GMV Increase (Share of Industry Growth)**



Source: Company documents, FactSet, Visible Alpha, Stifel estimates  
 Note: All quarters reflect calendar year periods; share of industry calculated with the aggregate GMV of BABA, JD, PDD as the denominator

## Investment Thesis

### **Alibaba Group Holding Limited (BABA)**

*Alibaba is the largest eCommerce company in the world with its core business supported by an asset-light, commission / advertising model. Alibaba holds well over half of market share of China online shopping. Investments in cloud services, local services, content, and multi-channel retail should improve long-term monetization and the competitive position. International expansion is still in the early stages and presents an attractive long-term opportunity.*

### **JD.com, Inc. (JD)**

*JD operates in a large and growing market with controlled logistics and an initial first-party model that has grown into a first-party / third-party hybrid. The China eCommerce market exceeds \$1T in sales with online penetration of above 20%, and we believe JD is well-positioned to continue to participate in China consumer and retail expansion for years to come. Monetization of assets outside of JD.com core retail operations supports additional upside in shares.*

## Target Price Methodology/Risks

### **Alibaba Group Holding Limited (BABA)**

**Target Price Methodology:** We arrive at our \$210 target using our DCF analysis that applies an 11.0% discount rate and 4.0% terminal growth rate. We support our DCF valuation with a SOTP analysis.

**Risks:** Increased competition, difficulty with international expansion outside of China and into new businesses, Chinese geopolitical and macro concerns, and concentrated voting ownership present key risks to future share performance and our target price, in our view.

### **JD.com, Inc. (JD)**

**Target Price:** We use a DCF approach to arrive at our \$100 target price, utilizing a perpetual growth rate of 4.0% and discount rate of 11.0%.

**Risks:** Failing to maintain favorable terms with brand suppliers; more intense competition within the eCommerce industry; failure to manage its logistics network and self-owned delivery team; broader China macro weakness.

Earnings Preview  
**October 29, 2021**

Alibaba DCF Valuation   USD <i>(USD millions, unless otherwise stated)</i>	Historical Financials								Projected Financials				
	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
<b>Revenue</b>	<b>\$8,205</b>	<b>\$11,908</b>	<b>\$15,805</b>	<b>\$24,733</b>	<b>\$39,108</b>	<b>\$58,888</b>	<b>\$79,651</b>	<b>\$112,089</b>	<b>\$140,551</b>	<b>\$170,542</b>	<b>\$197,052</b>	<b>\$223,690</b>	<b>\$247,786</b>
<i>y/y Growth - %</i>	52.1%	45.1%	32.7%	56.5%	58.1%	50.6%	35.3%	40.7%	25.4%	21.3%	15.5%	13.5%	10.8%
<b>Adj. EBITDA</b>	<b>\$4,802</b>	<b>\$6,368</b>	<b>\$8,179</b>	<b>\$11,635</b>	<b>\$16,532</b>	<b>\$18,793</b>	<b>\$24,877</b>	<b>\$27,912</b>	<b>\$30,453</b>	<b>\$39,089</b>	<b>\$48,450</b>	<b>\$61,073</b>	<b>\$68,312</b>
(-) Cash Taxes	(499)	(1,003)	(1,320)	(2,153)	(2,844)	(2,587)	(3,213)	(4,575)	(4,593)	(7,040)	(9,109)	(12,071)	(13,812)
(+/-) Changes in Working Capital	(702)	2,705	1,217	2,781	5,622	5,463	2,956	10,469	(647)	9,965	6,346	6,376	5,768
(-) Capex	(746)	(1,231)	(1,695)	(2,742)	(4,594)	(6,438)	(5,092)	(6,477)	(8,460)	(8,527)	(9,853)	(11,184)	(12,389)
(-) Stock-Based Compensation	(444)	(2,036)	(2,513)	(2,499)	(3,137)	(5,859)	(4,960)	(7,832)	(6,099)	(6,974)	(7,565)	(8,028)	(8,274)
(+) Other Income	380	388	322	951	650	35	1,162	1,185	337	337	337	337	337
<b>Unlevered Free Cash Flow (UFCF)</b>	<b>\$2,790</b>	<b>\$5,193</b>	<b>\$4,190</b>	<b>\$7,973</b>	<b>\$12,229</b>	<b>\$9,407</b>	<b>\$15,730</b>	<b>\$20,681</b>	<b>\$10,991</b>	<b>\$26,850</b>	<b>\$28,606</b>	<b>\$36,502</b>	<b>\$39,942</b>
Adj. EBITDA Margin	58.5%	53.5%	51.7%	47.0%	42.3%	31.9%	31.2%	24.9%	21.7%	22.9%	24.6%	27.3%	27.6%
UFCF / Adj. EBITDA	58.1%	81.5%	51.2%	68.5%	74.0%	50.1%	63.2%	74.1%	36.1%	68.7%	59.0%	59.8%	58.5%

**DCF Valuation Assumptions**

Valuation Date	10/31/22
<b>USD / CNY FX Rate</b>	<b>#6.40</b>
<b>Risk Adjusted Discount Rate</b>	<b>11.0%</b>
<b>Perpetual Growth Rate</b>	<b>4.0%</b>

**Twelve Month Forward Valuation**

NPV of Explicit Cash Flow Projections	\$108,377
(+) NPV of Terminal Value	381,856
DCF Valuation	\$490,233
(x) Roll-Forward	115%
<b>Enterprise Value</b>	<b>\$563,421</b>
(-) Debt	(25,663)
(+) Cash & Equivalents	112,156
<b>Equity Value</b>	<b>\$649,914</b>
(-) Common Prosperity Adjustment	(\$64,991)
(=) Fully Diluted Shares	2,786
<b>Implied Equity Value per Share</b>	<b>\$210</b>

**Equity Value: WACC vs. Perpetual Growth Rate**

	10.0%	10.5%	11.0%	11.5%	12.0%
<b>3.50%</b>	693,053	652,157	616,727	585,738	558,406
<b>4.00%</b>	738,146	690,628	<b>\$649,914</b>	614,641	583,789
<b>4.50%</b>	791,463	735,536	688,228	647,693	612,575

**Equity Value per Share: WACC vs. Perpetual Growth Rate**

	10.0%	10.5%	11.0%	11.5%	12.0%
<b>3.50%</b>	224	211	199	189	180
<b>4.00%</b>	238	223	<b>\$210</b>	199	189
<b>4.50%</b>	256	238	222	209	198

Source: Company reports, Stifel estimates

Earnings Preview  
**October 29, 2021**

JD.com DCF Valuation (\$mn)	Historical Financials						Forecasted Financials					
	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E
<b>Free Cash Flow Reconciliation</b>												
<b>Total Revenue</b>	<b>\$28,329</b>	<b>\$40,362</b>	<b>\$56,621</b>	<b>\$72,199</b>	<b>\$90,149</b>	<b>\$116,544</b>	<b>\$148,987</b>	<b>\$186,007</b>	<b>\$219,790</b>	<b>\$245,091</b>	<b>\$265,232</b>	<b>\$285,700</b>
<i>y/y Growth - %</i>	57.6%	42.5%	40.3%	27.5%	24.9%	29.3%	27.8%	24.8%	18.2%	11.5%	8.2%	7.7%
(x) Adj. EBITDA Margin	(1.0%)	1.4%	1.5%	1.2%	2.4%	2.8%	1.7%	2.2%	2.9%	3.6%	4.3%	4.9%
<b>Adj. EBITDA</b>	<b>(\$297)</b>	<b>\$547</b>	<b>\$835</b>	<b>\$882</b>	<b>\$2,171</b>	<b>\$3,256</b>	<b>\$2,485</b>	<b>\$4,144</b>	<b>\$6,435</b>	<b>\$8,830</b>	<b>\$11,279</b>	<b>\$14,007</b>
(-) Stock-based Compensation	(187)	(322)	(434)	(572)	(577)	(649)	(1,052)	(1,313)	(1,551)	(1,730)	(1,872)	(2,017)
(-) Cash Taxes	2	(28)	(22)	(67)	(282)	(232)	(201)	(339)	(713)	(1,130)	(1,572)	(2,068)
(+/-) Changes in Working Capital	(496)	(3,690)	7,555	1,976	703	745	1,648	3,894	2,567	1,228	1,289	2,173
(-) Capex	(828)	(683)	(1,775)	(2,549)	(920)	(1,329)	(1,799)	(1,860)	(2,198)	(2,451)	(2,652)	(2,857)
<b>Unlevered Free Cash Flow (UFCF)</b>	<b>(\$1,805)</b>	<b>(\$4,176)</b>	<b>\$6,159</b>	<b>(\$329)</b>	<b>\$1,095</b>	<b>\$1,791</b>	<b>\$1,081</b>	<b>\$4,525</b>	<b>\$4,540</b>	<b>\$4,747</b>	<b>\$6,472</b>	<b>\$9,238</b>

**DCF Valuation Assumptions**

Valuation Date	Oct-22
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<b>WACC</b>	<b>11.0%</b>
Perpetual Growth Rate	4.0%

**12-Month Discounted Cash Flow Valuation**

NPV of Explicit Cash Flow Projections	\$21,970
(+) NPV of Terminal Value	\$90,318
<b>DCF Valuation</b>	<b>\$112,287</b>
(x) Roll-Forward	115%
<b>Enterprise Value (USD)</b>	<b>\$129,051</b>
(-) Total Debt	(2,027)
(+) Cash & Equivalents	31,123
(+) Investment in Equity Investees	8,119
<b>Equity Value</b>	<b>\$166,266</b>
(-) Fully Diluted Shares	1,663
<b>Equity Value per Share</b>	<b>\$100</b>

**Equity Value Sensitivity: WACC vs. Perpetual Growth Rate**

	10.0%	10.5%	11.0%	11.5%	12.0%
3.50%	177,315	167,184	158,416	150,755	144,004
4.00%	188,053	176,315	<b>\$166,266</b>	157,568	149,967
4.50%	200,751	186,973	175,328	165,358	156,730

**Equity Value per Share Sensitivity: WACC vs. Perpetual Growth Rate**

	10.0%	10.5%	11.0%	11.5%	12.0%
3.50%	107	101	95	91	87
4.00%	113	106	<b>\$100</b>	95	90
4.50%	121	112	105	99	94

Source: Company reports, Stifel estimates

Earnings Preview  
**October 29, 2021**

Alibaba Model   RMB <i>(RMB millions, unless otherwise stated)</i>	2020				2021				2022E				Historical Financials		Projected Financials		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	2020	2021	2022E	2023E	2024E
<b>Income Statement</b>																	
Taobao Marketplace GMV	784,667	832,313	1,052,039	717,981	823,900	898,898	1,125,682	761,060	865,095	943,843	1,181,966	799,113	5,947,601	7,001,020	8,333,332	9,582,383	10,643,963
Tmall GMV	706,470	741,179	1,005,273	749,077	903,315	895,551	1,192,575	1,028,260	1,144,558	1,151,971	1,554,677	1,293,830	641,399	628,221	601,721	582,917	587,920
<b>Total GMV</b>	<b>¥1,491,137</b>	<b>¥1,573,492</b>	<b>¥2,057,312</b>	<b>¥1,467,058</b>	<b>¥1,727,215</b>	<b>¥1,794,449</b>	<b>¥2,318,257</b>	<b>¥1,789,320</b>	<b>¥2,009,653</b>	<b>¥2,095,814</b>	<b>¥2,736,643</b>	<b>¥2,092,943</b>	<b>¥6,589,000</b>	<b>¥7,629,241</b>	<b>¥8,935,053</b>	<b>¥10,165,301</b>	<b>¥11,231,883</b>
y/y Growth - %	19.3%	18.5%	16.9%	5.6%	15.8%	12.7%	22.0%	22.0%	16.4%	16.8%	18.0%	17.0%	15.1%	15.8%	17.1%	13.8%	10.5%
<b>Total Revenue</b>	<b>¥114,924</b>	<b>¥119,017</b>	<b>¥161,456</b>	<b>¥114,314</b>	<b>¥153,751</b>	<b>¥155,059</b>	<b>¥221,084</b>	<b>¥187,395</b>	<b>¥205,740</b>	<b>¥205,435</b>	<b>¥265,434</b>	<b>¥222,818</b>	<b>¥509,711</b>	<b>¥717,289</b>	<b>¥899,426</b>	<b>¥1,091,347</b>	<b>¥1,260,994</b>
y/y Growth - %	42.0%	39.8%	37.7%	22.3%	33.8%	30.3%	36.9%	63.9%	33.8%	32.5%	20.1%	18.9%	35.3%	40.7%	25.4%	21.3%	15.5%
(-) Cost of Revenue	(59,987)	(65,546)	(84,332)	(72,502)	(84,523)	(89,960)	(121,268)	(125,454)	(124,097)	(127,208)	(157,517)	(149,436)	(282,367)	(421,205)	(558,257)	(670,444)	(763,191)
<b>Gross Profit</b>	<b>¥54,937</b>	<b>¥53,471</b>	<b>¥77,124</b>	<b>¥41,812</b>	<b>¥69,228</b>	<b>¥65,099</b>	<b>¥99,816</b>	<b>¥61,941</b>	<b>¥81,643</b>	<b>¥78,227</b>	<b>¥107,917</b>	<b>¥73,382</b>	<b>¥227,344</b>	<b>¥296,084</b>	<b>¥341,168</b>	<b>¥420,903</b>	<b>¥497,804</b>
Margin - %	47.8%	44.9%	47.8%	36.6%	45.0%	42.0%	45.1%	33.1%	39.7%	38.1%	40.7%	32.9%	44.6%	41.3%	37.9%	38.6%	39.5%
(-) Product Development Expenses	(10,478)	(10,938)	(11,077)	(10,587)	(11,082)	(19,245)	(13,607)	(13,302)	(13,519)	(14,552)	(16,331)	(16,067)	(43,080)	(57,236)	(60,470)	(70,971)	(78,596)
(-) Sales and Marketing Expenses	(10,698)	(11,996)	(15,800)	(12,179)	(13,652)	(17,371)	(25,343)	(25,153)	(27,036)	(30,028)	(33,348)	(28,889)	(50,673)	(81,519)	(119,300)	(140,371)	(154,036)
(-) General and Administrative Expenses	(6,320)	(6,591)	(7,415)	(7,871)	(6,837)	(11,961)	(8,692)	(27,734)	(7,168)	(9,357)	(10,066)	(9,920)	(28,197)	(55,224)	(36,511)	(38,889)	(40,642)
(+/-) Other Operating Income / (Expense)	(3,066)	(3,582)	(3,272)	(4,044)	(2,952)	(2,888)	(3,172)	(3,415)	(3,073)	(3,698)	(4,247)	(4,456)	(12,427)	(12,427)	(15,474)	(17,685)	(19,173)
<b>Operating Profit</b>	<b>¥24,375</b>	<b>¥20,364</b>	<b>¥39,560</b>	<b>¥7,131</b>	<b>¥34,705</b>	<b>¥13,634</b>	<b>¥49,002</b>	<b>¥7,663</b>	<b>¥30,847</b>	<b>¥20,593</b>	<b>¥43,324</b>	<b>¥14,050</b>	<b>¥92,967</b>	<b>¥89,678</b>	<b>¥109,414</b>	<b>¥152,987</b>	<b>¥205,357</b>
(+) Interest and Investment Income	187	63,348	17,136	(7,715)	22,137	10,510	40,036	111	14,101	5,000	5,000	5,000	72,956	72,794	29,101	29,601	30,101
(-) Interest Expense	(1,346)	(1,360)	(1,309)	(1,165)	(1,123)	(1,101)	(1,092)	(1,160)	(1,267)	(1,125)	(1,125)	(1,125)	(5,180)	(4,476)	(4,642)	(4,542)	(4,442)
(+/-) Other Income / (Expense), Net	2,101	3,171	987	1,180	1,493	1,148	2,826	2,115	2,157	--	--	--	7,439	7,582	2,157	2,157	2,157
<b>Pre-Tax Income</b>	<b>¥25,317</b>	<b>¥85,523</b>	<b>¥56,374</b>	<b>¥569</b>	<b>¥57,212</b>	<b>¥24,191</b>	<b>¥90,772</b>	<b>¥6,597</b>	<b>¥45,838</b>	<b>¥24,468</b>	<b>¥47,799</b>	<b>¥17,925</b>	<b>¥168,182</b>	<b>¥165,578</b>	<b>¥136,030</b>	<b>¥180,203</b>	<b>¥233,173</b>
(+/-) Income Tax Provision	(6,712)	(2,815)	(8,407)	(2,628)	(11,124)	(1,911)	(9,194)	(7,049)	(9,096)	(5,505)	(10,755)	(4,033)	(20,562)	(29,278)	(29,389)	(45,051)	(58,293)
<b>Net Income</b>	<b>¥19,122</b>	<b>¥70,748</b>	<b>¥50,132</b>	<b>¥348</b>	<b>¥46,437</b>	<b>¥26,524</b>	<b>¥77,977</b>	<b>¥7,654</b>	<b>¥42,835</b>	<b>¥18,962</b>	<b>¥37,044</b>	<b>¥13,892</b>	<b>¥141,887</b>	<b>¥143,284</b>	<b>¥112,734</b>	<b>¥141,245</b>	<b>¥180,973</b>
(-) Non-Controlling Interests	2,326	2,326	2,042	2,872	1,096	2,352	1,558	2,288	2,233	2,233	2,233	2,233	9,566	7,294	8,932	8,932	8,932
<b>Net Income to Alibaba Holding Group</b>	<b>¥21,448</b>	<b>¥73,074</b>	<b>¥52,174</b>	<b>¥3,220</b>	<b>¥47,533</b>	<b>¥28,876</b>	<b>¥79,535</b>	<b>¥5,366</b>	<b>¥45,068</b>	<b>¥21,195</b>	<b>¥39,277</b>	<b>¥16,125</b>	<b>¥151,453</b>	<b>¥150,578</b>	<b>¥121,666</b>	<b>¥150,177</b>	<b>¥189,905</b>
(-) Other Adjustments	(196)	(51)	135	(58)	58	(107)	(108)	(113)	73	--	--	--	(170)	(270)	73	--	--
<b>Net Income to Shareholders</b>	<b>¥21,252</b>	<b>¥73,023</b>	<b>¥52,309</b>	<b>¥3,162</b>	<b>¥47,591</b>	<b>¥28,769</b>	<b>¥79,427</b>	<b>¥5,479</b>	<b>¥45,141</b>	<b>¥21,195</b>	<b>¥39,277</b>	<b>¥16,125</b>	<b>¥151,283</b>	<b>¥150,308</b>	<b>¥121,739</b>	<b>¥150,177</b>	<b>¥189,905</b>
Basic ADS	2,597	2,600	2,632	2,679	2,698	2,699	2,705	2,707	2,719	2,733	2,747	2,760	2,627	2,702	2,740	2,767	2,795
Diluted ADS	2,634	2,637	2,674	2,728	2,741	2,743	2,753	2,753	2,755	2,769	2,782	2,796	2,668	2,747	2,775	2,803	2,831
<b>Earnings Per ADS</b>																	
Basic - GAAP EPADS	¥8.18	¥28.09	¥19.87	¥1.18	¥17.64	¥10.66	¥29.36	¥2.02	¥16.60	¥7.76	¥14.30	¥5.84	¥57.58	¥55.63	¥44.43	¥54.27	¥67.95
Diluted - GAAP EPADS	¥8.07	¥27.70	¥19.56	¥1.16	¥17.36	¥10.49	¥28.86	¥1.99	¥16.39	¥7.66	¥14.12	¥5.77	¥56.76	¥54.81	¥43.84	¥53.57	¥67.07
<b>Non-GAAP EPADS</b>	<b>¥12.63</b>	<b>¥13.30</b>	<b>¥18.15</b>	<b>¥9.22</b>	<b>¥14.82</b>	<b>¥17.97</b>	<b>¥22.03</b>	<b>¥10.32</b>	<b>¥20.31</b>	<b>¥12.33</b>	<b>¥19.94</b>	<b>¥10.95</b>	<b>¥54.03</b>	<b>¥65.26</b>	<b>¥63.47</b>	<b>¥75.80</b>	<b>¥90.94</b>
<b>Adj. EBITDA</b>	<b>¥39,238</b>	<b>¥37,101</b>	<b>¥55,880</b>	<b>¥25,441</b>	<b>¥51,039</b>	<b>¥47,525</b>	<b>¥68,380</b>	<b>¥29,898</b>	<b>¥48,628</b>	<b>¥40,725</b>	<b>¥68,079</b>	<b>¥37,446</b>	<b>¥159,197</b>	<b>¥178,614</b>	<b>¥194,878</b>	<b>¥250,139</b>	<b>¥310,045</b>
Margin - %	34.1%	31.2%	34.6%	22.3%	33.2%	30.6%	30.9%	16.0%	23.6%	19.8%	25.6%	16.8%	31.2%	24.9%	21.7%	22.9%	24.6%
<b>Growth Metrics - y/y</b>																	
GMV	19.3%	18.5%	16.9%	5.6%	15.8%	14.0%	12.7%	22.0%	16.4%	16.8%	18.0%	17.0%	15.1%	15.8%	17.1%	13.8%	10.5%
Revenue	42.0%	39.8%	37.7%	22.3%	33.8%	30.3%	36.9%	63.9%	33.8%	32.5%	20.1%	18.9%	35.3%	40.7%	25.4%	21.3%	15.5%
Gross Profit	47.7%	39.4%	36.6%	10.4%	26.0%	21.7%	29.4%	48.1%	17.9%	20.2%	8.1%	18.5%	33.8%	30.2%	15.2%	23.4%	18.3%
Product Development Expenses	(9.0%)	30.8%	24.4%	22.3%	5.8%	75.9%	22.8%	25.6%	22.0%	(24.4%)	20.0%	20.8%	15.1%	32.9%	5.6%	17.4%	10.7%
Sales and Marketing Expenses	19.9%	31.7%	30.5%	26.2%	27.6%	44.8%	60.4%	106.5%	98.0%	72.9%	31.6%	14.9%	27.4%	60.9%	46.3%	17.7%	9.7%
General and Administrative Expenses	(4.9%)	37.9%	26.7%	3.4%	8.2%	81.5%	17.2%	252.4%	4.8%	(21.8%)	15.8%	(64.2%)	13.3%	95.9%	(33.9%)	6.5%	4.5%
Operating Profit	203.9%	50.8%	47.6%	(18.6%)	42.4%	(33.0%)	23.9%	(207.5%)	(11.1%)	51.0%	(10.4%)	(283.3%)	33.8%	30.2%	15.2%	23.4%	18.3%
Adj. EBITDA	33.6%	38.9%	37.3%	1.1%	30.1%	28.1%	22.4%	17.5%	(4.7%)	(14.3%)	(0.4%)	25.2%	32.4%	12.2%	9.1%	28.4%	23.9%
GAAP Net Income	150.0%	287.9%	61.9%	(98.5%)	142.8%	(62.5%)	55.5%	(2,299.4%)	(7.8%)	(28.5%)	(52.5%)	(281.5%)	76.8%	1.0%	(21.3%)	25.3%	28.1%
Non-GAAP Net Income	57.2%	38.4%	51.9%	11.4%	22.1%	40.5%	24.9%	12.9%	37.7%	(30.7%)	(8.5%)	7.8%	42.6%	24.4%	(1.7%)	20.6%	21.2%
Non-GAAP EPADS	56.7%	38.0%	48.5%	7.1%	17.3%	35.1%	21.4%	11.9%	37.0%	(31.4%)	(9.5%)	6.1%	40.3%	20.8%	(2.7%)	19.4%	20.0%
<b>Metrics as % of Revenue</b>																	
Gross Profit	47.8%	44.9%	47.8%	36.6%	45.0%	42.0%	45.1%	33.1%	39.7%	38.1%	40.7%	32.9%	44.6%	41.3%	37.9%	38.6%	39.5%
Product Development Expenses	9.1%	9.2%	6.9%	9.3%	7.2%	12.4%	6.2%	7.1%	6.6%	7.1%	6.2%	7.2%	8.5%	8.0%	6.7%	6.5%	6.2%
Sales and Marketing Expenses	9.3%	10.1%	9.8%	10.7%	8.9%	11.2%	11.5%	13.4%	13.1%	14.6%	12.6%	13.0%	9.9%	12.4%	13.3%	12.9%	12.2%
General and Administrative Expenses	5.5%	5.5%	4.6%	6.9%	4.4%	7.7%	3.9%	14.8%	3.5%	4.6%	3.8%	4.5%	5.5%	7.7%	4.1%	3.6%	3.2%
Operating Profit	21.2%	17.1%	24.5%	6.2%	22.6%	8.8%	22.2%	(4.1%)	15.0%	10.0%	16.5%	6.3%	18.2%	12.5%	12.2%	14.0%	16.3%
Adj. EBITDA	34.1%	31.2%	34.6%	22.3%	33.2%	30.6%	30.9%	16.0%	23.6%	19.8%	25.6%	16.8%	31.2%	24.9%	21.7%	22.9%	24.6%
Net Income to Shareholders	18.5%	61.4%	32.4%	2.8%	31.0%	18.6%	35.9%	(2.9%)	21.9%	10.3%	14.8%	7.2%	29.7%	21.0%	13.5%	13.8%	15.1%
Stock-Based Compensation	6.2%	6.8%	4.8%	7.6%	5.0%	15.9%	4.1%	4.6%	3.8%	4.5%	4.5%	4.5%	6.2%	7.0%	4.3%	4.1%	3.8%

Source: Company reports, Stifel estimates





Earnings Preview  
October 29, 2021

Alibaba Model   RMB <i>(RMB millions, unless otherwise stated)</i>	2020				2021				2022E				Historical Financials		Projected Financials		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	2020	2021	2022E	2023E	2024E
<b>Balance Sheet</b>																	
<b>Assets:</b>																	
Cash & Cash Equivalents	¥210,539	¥234,177	¥350,575	¥330,503	¥309,267	¥301,509	¥312,137	¥321,262	¥291,809	¥318,613	¥401,456	¥400,232	¥330,503	¥321,262	¥400,232	¥647,829	¥911,050
Short-Term Investments	1,650	1,074	1,371	28,478	72,311	104,403	144,177	152,376	179,015	179,015	179,015	179,015	28,478	152,376	179,015	179,015	179,015
Restricted Cash	7,301	14,095	20,949	15,479	14,126	13,380	16,431	35,207	36,828	36,828	36,828	36,828	15,479	35,207	36,828	36,828	36,828
Loan Receivables	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Investment Securities	8,431	5,759	5,264	4,234	4,980	4,791	5,847	9,807	12,528	12,528	12,528	12,528	4,234	9,807	12,528	12,528	12,528
Prepayments, Receivables, and Other	62,711	80,582	81,287	84,229	90,628	98,852	119,134	124,708	126,957	124,280	146,718	121,310	84,229	124,708	121,310	166,072	191,887
<b>Total Current Assets</b>	<b>¥290,632</b>	<b>¥335,687</b>	<b>¥459,446</b>	<b>¥462,923</b>	<b>¥491,312</b>	<b>¥522,935</b>	<b>¥597,726</b>	<b>¥643,360</b>	<b>¥647,137</b>	<b>¥671,264</b>	<b>¥776,545</b>	<b>¥749,912</b>	<b>¥462,923</b>	<b>¥643,360</b>	<b>¥749,912</b>	<b>¥1,042,271</b>	<b>¥1,331,308</b>
Investment Securities	168,709	167,690	178,155	161,329	182,209	189,134	240,259	237,221	246,892	246,892	246,892	246,892	161,329	237,221	246,892	246,892	246,892
Investment in Investees	85,596	163,261	183,882	189,632	191,567	209,449	185,509	200,189	207,651	207,651	207,651	207,651	189,632	200,189	207,651	207,651	207,651
Intangible Assets	66,019	66,100	64,748	60,947	57,580	56,378	73,940	70,833	67,398	67,398	67,398	67,398	60,947	70,833	67,398	67,398	67,398
Goodwill	266,894	276,633	277,029	276,782	276,896	276,172	293,393	292,771	292,523	292,523	292,523	292,523	276,782	292,771	292,523	292,523	292,523
<b>Total Assets</b>	<b>¥1,018,854</b>	<b>¥1,159,577</b>	<b>¥1,319,495</b>	<b>¥1,312,985</b>	<b>¥1,369,177</b>	<b>¥1,433,626</b>	<b>¥1,635,266</b>	<b>¥1,690,218</b>	<b>¥1,715,212</b>	<b>¥1,740,777</b>	<b>¥1,849,774</b>	<b>¥1,823,141</b>	<b>¥1,312,985</b>	<b>¥1,690,218</b>	<b>¥1,823,141</b>	<b>¥2,117,542</b>	<b>¥2,413,351</b>
<b>Liabilities:</b>																	
Current Bank Borrowings	¥23,019	¥24,155	¥4,215	¥5,154	¥4,543	¥4,903	¥15,047	¥13,437	¥17,013	¥17,013	¥17,013	¥17,013	¥5,154	¥13,437	¥17,013	¥17,013	¥17,013
Secured Borrowings	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total Current Liabilities</b>	<b>¥210,700</b>	<b>¥243,949</b>	<b>¥262,458</b>	<b>¥241,872</b>	<b>¥248,093</b>	<b>¥262,942</b>	<b>¥358,160</b>	<b>¥377,358</b>	<b>¥368,199</b>	<b>¥365,557</b>	<b>¥425,565</b>	<b>¥375,014</b>	<b>¥241,872</b>	<b>¥377,358</b>	<b>¥375,014</b>	<b>¥483,543</b>	<b>¥549,969</b>
Deferred Revenue	1,657	1,782	1,939	2,025	2,141	2,195	2,723	3,158	3,420	3,420	3,420	3,420	2,025	3,158	3,420	3,420	3,420
Deferred Tax Liabilities	21,874	41,892	43,879	43,898	46,557	48,374	59,031	59,598	60,749	60,749	60,749	60,749	43,898	59,598	60,749	60,749	60,749
Redeemable Preferred Shares	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Non-Current Bank Loans	116,370	121,522	118,172	120,276	120,894	116,885	102,652	135,716	133,599	133,599	133,599	133,599	120,276	135,716	133,599	133,599	133,599
Other Liabilities	23,196	22,695	25,937	25,263	23,010	22,007	30,346	30,754	30,628	30,628	30,628	30,628	25,263	30,754	30,628	30,628	30,628
<b>Total Liabilities</b>	<b>¥373,797</b>	<b>¥431,840</b>	<b>¥452,385</b>	<b>¥433,334</b>	<b>¥440,695</b>	<b>¥452,403</b>	<b>¥552,912</b>	<b>¥606,584</b>	<b>¥596,595</b>	<b>¥593,953</b>	<b>¥653,961</b>	<b>¥603,410</b>	<b>¥433,334</b>	<b>¥606,584</b>	<b>¥603,410</b>	<b>¥711,939</b>	<b>¥778,365</b>
<b>Shareholders' Equity:</b>																	
Additional Paid-In Capital	238,023	246,073	337,046	343,707	349,742	377,769	388,755	394,308	397,118	406,363	418,307	428,334	343,707	394,308	428,334	472,960	521,371
Adjustments	3,774	5,314	3,872	5,407	5,433	(2,286)	(12,875)	(11,762)	(14,926)	(14,926)	(14,926)	(14,926)	5,407	(11,762)	(14,926)	(14,926)	(14,926)
<b>Retained Earnings</b>	<b>279,236</b>	<b>351,412</b>	<b>403,198</b>	<b>406,287</b>	<b>453,528</b>	<b>481,920</b>	<b>561,181</b>	<b>554,924</b>	<b>593,311</b>	<b>612,273</b>	<b>649,318</b>	<b>663,210</b>	<b>406,287</b>	<b>554,924</b>	<b>663,210</b>	<b>804,454</b>	<b>985,427</b>
Total Alibaba Group Holdings Equity	521,033	602,799	744,116	755,401	808,703	857,403	937,061	937,470	975,503	1,003,710	1,052,699	1,076,617	755,401	937,470	1,076,617	1,262,488	1,491,872
Mezzanine Equity	7,091	7,506	7,795	9,103	7,820	8,033	8,443	8,673	8,363	8,363	8,363	8,363	9,103	8,673	8,363	8,363	8,363
Noncontrolling Interests	116,933	117,432	115,199	115,147	111,959	115,767	136,850	137,491	134,751	134,751	134,751	134,751	115,147	137,491	134,751	134,751	134,751
<b>Total Mezzanine &amp; Shareholders' Equity</b>	<b>¥645,057</b>	<b>¥727,737</b>	<b>¥867,110</b>	<b>¥879,651</b>	<b>¥928,482</b>	<b>¥981,223</b>	<b>¥1,082,354</b>	<b>¥1,083,634</b>	<b>¥1,118,617</b>	<b>¥1,146,824</b>	<b>¥1,195,813</b>	<b>¥1,219,731</b>	<b>¥879,651</b>	<b>¥1,083,634</b>	<b>¥1,219,731</b>	<b>¥1,405,602</b>	<b>¥1,634,986</b>
<b>Total Liabilities, Mezzanine, &amp; Shareholders' Equity</b>	<b>¥1,018,854</b>	<b>¥1,159,577</b>	<b>¥1,319,495</b>	<b>¥1,312,985</b>	<b>¥1,369,177</b>	<b>¥1,433,626</b>	<b>¥1,635,266</b>	<b>¥1,690,218</b>	<b>¥1,715,212</b>	<b>¥1,740,777</b>	<b>¥1,849,774</b>	<b>¥1,823,141</b>	<b>¥1,312,985</b>	<b>¥1,690,218</b>	<b>¥1,823,141</b>	<b>¥2,117,542</b>	<b>¥2,413,351</b>

Source: Company reports, Stifel estimates

# Earnings Preview

## October 29, 2021

Alibaba Model   RMB <i>(RMB millions, unless otherwise stated)</i>	2020				2021				2022E				Historical Financials		Projected Financials		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E	2020	2021	2022E	2023E	2024E
<b>Cash Flow Statement</b>																	
<b>Operating Cash Flow:</b>																	
Net Income	¥19,122	¥70,748	¥50,132	¥348	¥46,437	¥26,524	¥77,977	¥7,654	¥42,835	¥18,962	¥37,044	¥13,892	¥141,887	¥143,284	¥112,734	¥141,245	¥180,973
Revaluation of Previously Held Equity Interest													--	--	--		
Loss on Disposals of Equity Investees													--	--	--		
Gain on Disposals of Subsidiaries													--	--	--		
Depreciation and Amortization	7,748	8,592	8,490	9,657	8,619	9,197	10,299	10,701	9,970	10,888	12,210	13,369	34,487	38,816	46,437	52,526	56,278
Stock-Based Compensation	7,115	8,145	7,830	8,653	7,715	24,694	9,079	8,632	7,811	9,245	11,945	10,027	31,743	50,120	39,027	44,626	48,411
Deferred Income Taxes													--	--	--		
Allowance for Doubtful Accounts													--	--	--		
Other	1,053	(47,607)	(837)	2,503	(14,458)	(13,130)	(55,888)	16,046	(10,408)				(44,888)	(67,430)	(10,408)		
<b>Funds from Operations (FFO)</b>	<b>¥35,038</b>	<b>¥39,878</b>	<b>¥65,615</b>	<b>¥21,161</b>	<b>¥48,313</b>	<b>¥47,285</b>	<b>¥41,467</b>	<b>¥27,725</b>	<b>¥50,208</b>	<b>¥39,095</b>	<b>¥61,199</b>	<b>¥37,288</b>	<b>¥163,229</b>	<b>¥164,790</b>	<b>¥187,789</b>	<b>¥238,397</b>	<b>¥285,661</b>
<b>Changes in Working Capital:</b>																	
Restricted Cash	1,217	(6,794)	(6,854)	5,470	1,353	746	(3,051)	(18,776)	(1,621)	--	--	--	(6,961)	(19,728)	(1,621)	--	--
Loan Receivables	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Prepayments, Receivables, and Other	(4,121)	(17,871)	(705)	(2,942)	(6,399)	(8,224)	(20,282)	(5,574)	(2,249)	2,677	(22,438)	25,409	(25,639)	(40,479)	3,398	(44,762)	(25,815)
Income Tax Payable	79	(612)	4,731	(1,693)	2,137	(2,763)	8,850	(3,139)	(761)	--	--	--	2,505	5,085	(761)	--	--
Escrow Money Payable	(1,382)	962	1,375	(6,191)	(1,379)	(1,453)	116	(87)	(211)	--	--	--	(5,236)	(2,803)	(211)	--	--
Accrued Expenses, Accounts Payables, and Other	2,254	28,139	17,171	(3,739)	3,175	13,626	46,573	36,019	(10,535)	(2,691)	42,009	(37,766)	43,825	99,393	(8,984)	94,266	53,818
Merchant Deposits	405	119	12,681	(10,327)	440	(29)	14,091	(13,125)	(320)	--	--	--	2,878	1,377	(320)	--	--
<b>Changes in Working Capital</b>	<b>(¥426)</b>	<b>¥7,448</b>	<b>¥30,890</b>	<b>(¥18,997)</b>	<b>¥1,786</b>	<b>¥7,011</b>	<b>¥61,741</b>	<b>(¥3,542)</b>	<b>(¥16,605)</b>	<b>¥35</b>	<b>¥37,570</b>	<b>(¥25,143)</b>	<b>¥18,915</b>	<b>¥66,996</b>	<b>(¥4,143)</b>	<b>¥63,767</b>	<b>¥40,610</b>
<b>Operating Cash Flow</b>	<b>¥34,612</b>	<b>¥47,326</b>	<b>¥96,505</b>	<b>¥2,164</b>	<b>¥50,099</b>	<b>¥54,296</b>	<b>¥103,208</b>	<b>¥24,183</b>	<b>¥33,603</b>	<b>¥39,130</b>	<b>¥98,769</b>	<b>¥12,145</b>	<b>¥182,144</b>	<b>¥231,786</b>	<b>¥183,647</b>	<b>¥302,164</b>	<b>¥326,271</b>
<b>Investing Cash Flow:</b>																	
Short-Term Investments													--	--	--		
Restricted Cash													--	--	--		
Trading Investment Securities													--	--	--		
Acquisitions of Available for Sale Investment Securities													--	--	--		
Acquisitions of Land Use Rights	(526)	(650)	(910)	(5,802)	(266)	(2,404)	(975)	(1,645)	(1,621)	(740)	(956)	(802)	(7,888)	(5,290)	(4,118)	(2,728)	(3,152)
Acquisitions of other PP&E	(5,856)	(9,212)	(5,749)	(3,881)	(13,372)	(11,876)	(4,869)	(6,043)	(10,897)	(11,587)	(14,970)	(12,567)	(24,698)	(36,160)	(50,021)	(51,839)	(59,897)
Cash Paid for Business Combinations													--	--	--		
Deconsolidation and Disposal of Subsidiaries													--	--	--		
Acquisitions of Equity Investees													--	--	--		
Other	(14,754)	(11,491)	(25,929)	(23,312)	(54,090)	(54,773)	(73,868)	(20,013)	(35,257)				(75,486)	(202,744)	(35,257)		
<b>Investing Cash Flow</b>	<b>(¥21,136)</b>	<b>(¥21,353)</b>	<b>(¥32,588)</b>	<b>(¥32,995)</b>	<b>(¥67,728)</b>	<b>(¥69,053)</b>	<b>(¥79,712)</b>	<b>(¥27,701)</b>	<b>(¥47,775)</b>	<b>(¥12,326)</b>	<b>(¥15,926)</b>	<b>(¥13,369)</b>	<b>(¥108,072)</b>	<b>(¥244,194)</b>	<b>(¥89,396)</b>	<b>(¥54,567)</b>	<b>(¥63,050)</b>
<b>Financing Cash Flow:</b>																	
Proceeds from Issuance of Common Stock			¥92,023										¥92,023	¥0	¥0		
Repurchase of Common Equity													--	--	--		
Redemption of Preferred Shares													--	--	--		
Capital Injection from Noncontrolling Interests													--	--	--		
Net Proceeds from Secured Borrowings (micro loans)													--	--	--		
Net Proceeds from Current Bank Loans													--	--	--		
Net Proceeds from Non-Current Bank Loans													--	--	--		
Other			(30,736)	2,967	(4,609)	10,106	(5,685)	30,270	(11,468)				(27,769)	30,082	(11,468)		
<b>Financing Cash Flow</b>	<b>¥4,493</b>	<b>¥2,106</b>	<b>¥61,287</b>	<b>¥2,967</b>	<b>(¥4,609)</b>	<b>¥10,106</b>	<b>(¥5,685)</b>	<b>¥30,270</b>	<b>(¥11,468)</b>	<b>¥0</b>	<b>¥0</b>	<b>¥0</b>	<b>¥64,254</b>	<b>¥30,082</b>	<b>(¥11,468)</b>	<b>¥0</b>	<b>¥0</b>
Effects of FX	1,377	2,353	(1,952)	2,322	(351)	(3,853)	(4,132)				(2,192)		4,100	(8,336)	(2,192)		
Beginning Cash	195,077	214,423	244,855	368,107	342,565	319,976	311,472	325,151	351,903	293,430	318,613	401,456	195,077	337,503	346,841	427,432	647,829
(+/-) Net Changes in Cash	19,346	30,432	123,252	(25,542)	(22,589)	(8,504)	13,679	26,752	(27,832)	26,804	82,843	(1,224)	142,426	9,338	80,591	247,597	263,221
(+/-) Restatements / Adjustments (pre-10-Q / K)	--	--	--	--	--	--	--	--	(30,851)	(10,521)	(25,200)	--	--	--	--	--	--
<b>Ending Cash</b>	<b>¥214,423</b>	<b>¥244,855</b>	<b>¥368,107</b>	<b>¥342,565</b>	<b>¥319,976</b>	<b>¥311,472</b>	<b>¥325,151</b>	<b>¥351,903</b>	<b>¥293,430</b>	<b>¥318,613</b>	<b>¥401,456</b>	<b>¥400,232</b>	<b>¥337,503</b>	<b>¥346,841</b>	<b>¥427,432</b>	<b>¥647,829</b>	<b>¥911,050</b>

Source: Company reports, Stifel estimates

Earnings Preview  
**October 29, 2021**

JD.com Model (RMB mn)	2019				2020				2021E			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3E	Q4E
<b>Income Statement</b>												
Direct Sales GMV	167,897	213,599	186,909	235,444	201,031	285,062	238,089	302,263	270,860	351,458	301,000	373,295
Online Marketplace GMV	127,409	166,210	158,649	207,092	151,153	201,093	193,859	259,758	211,632	246,512	245,083	320,801
<b>Total GMV (Pro Forma, Legacy Disclosure)</b>	<b>¥295,306</b>	<b>¥379,809</b>	<b>¥345,559</b>	<b>¥442,536</b>	<b>¥352,184</b>	<b>¥486,155</b>	<b>¥431,949</b>	<b>¥562,021</b>	<b>¥482,492</b>	<b>¥597,971</b>	<b>¥546,084</b>	<b>¥694,096</b>
y/y Growth - %	23.0%	24.0%	26.0%	24.3%	19.3%	28.0%	25.0%	27.0%	37.0%	23.0%	26.4%	23.5%
Net Product Revenues	108,651	133,516	118,854	149,712	130,093	178,187	151,399	192,200	175,282	219,690	184,513	236,434
Net Service Revenues	12,430	16,764	15,988	20,972	16,112	22,867	22,815	32,128	27,894	34,111	31,861	43,629
<b>Total Revenue</b>	<b>¥121,081</b>	<b>¥150,281</b>	<b>¥134,843</b>	<b>¥170,684</b>	<b>¥146,205</b>	<b>¥201,054</b>	<b>¥174,214</b>	<b>¥224,328</b>	<b>¥203,176</b>	<b>¥253,800</b>	<b>¥216,374</b>	<b>¥280,063</b>
y/y Growth - %	20.9%	22.9%	28.7%	26.6%	20.7%	33.8%	29.2%	31.4%	39.0%	26.2%	24.2%	24.8%
q/q Growth - %	-10.2%	24.1%	-10.3%	26.6%	-14.3%	37.5%	-13.3%	28.8%	-9.4%	24.9%	-14.7%	29.4%
(-) Cost of Revenue	(102,897)	(128,156)	(114,729)	(146,686)	(123,670)	(172,419)	(147,419)	(193,186)	(174,054)	(222,071)	(186,335)	(242,716)
<b>Gross Profit</b>	<b>¥18,184</b>	<b>¥22,125</b>	<b>¥20,114</b>	<b>¥23,998</b>	<b>¥22,536</b>	<b>¥28,635</b>	<b>¥26,795</b>	<b>¥31,142</b>	<b>¥29,122</b>	<b>¥31,730</b>	<b>¥30,039</b>	<b>¥37,346</b>
Margin	15.0%	14.7%	14.9%	14.1%	15.4%	14.2%	15.4%	13.9%	14.3%	12.5%	13.9%	13.3%
(-) Fulfillment Expense	(8,063)	(9,155)	(8,755)	(10,995)	(10,400)	(11,956)	(11,592)	(14,752)	(13,803)	(14,649)	(13,532)	(17,017)
(-) Marketing	(3,940)	(5,621)	(4,447)	(8,225)	(4,468)	(6,804)	(5,461)	(10,423)	(6,999)	(10,612)	(8,080)	(13,422)
(-) Technology and Content	(3,717)	(3,726)	(3,585)	(3,591)	(3,935)	(3,604)	(4,107)	(4,503)	(4,530)	(3,693)	(4,614)	(5,202)
(-) General and Administrative	(1,321)	(1,356)	(1,341)	(1,472)	(1,412)	(1,423)	(1,596)	(1,978)	(2,213)	(2,561)	(1,983)	(2,469)
(+/-) Other Operating Income / (Expense)	83	0	2,987	814	0	196	344	1,109	83	87	0	0
<b>Operating Income</b>	<b>¥1,226</b>	<b>¥2,267</b>	<b>¥4,973</b>	<b>¥530</b>	<b>¥2,320</b>	<b>¥5,044</b>	<b>¥4,383</b>	<b>¥595</b>	<b>¥1,660</b>	<b>¥301</b>	<b>¥1,831</b>	<b>¥(764)</b>
Margin	1.0%	1.5%	3.7%	0.3%	1.6%	2.5%	2.5%	0.3%	0.8%	0.1%	0.8%	(0.3%)
(+) Interest Income	313	376	503	594	523	538	733	959	0	0	500	500
(-) Interest Expense	(187)	(155)	(163)	(220)	(207)	(324)	(298)	(296)	(258)	(232)	(250)	(250)
(+/-) Share of Results of Equity Investees	(717)	(303)	(199)	(518)	(1,120)	4,004	(272)	1,680	682	523	0	0
(+/-) Others	6,886	(1,199)	(3,958)	3,647	(133)	7,948	3,729	21,012	2,038	456	0	0
<b>Pre-Tax Income</b>	<b>¥7,519</b>	<b>¥985</b>	<b>¥1,156</b>	<b>¥4,033</b>	<b>¥1,384</b>	<b>¥17,210</b>	<b>¥8,276</b>	<b>¥23,950</b>	<b>¥4,122</b>	<b>¥1,047</b>	<b>¥2,081</b>	<b>¥(514)</b>
(+/-) Income Tax (Expense) / Benefit	(280)	(439)	(605)	(479)	(326)	(797)	(690)	332	(479)	(570)	(312)	77
<b>Effective tax rate</b>	<b>3.7%</b>	<b>44.6%</b>	<b>52.3%</b>	<b>11.9%</b>	<b>23.6%</b>	<b>4.6%</b>	<b>8.3%</b>	<b>(1.4%)</b>	<b>11.6%</b>	<b>54.4%</b>	<b>15.0%</b>	<b>15.0%</b>
Net Income from Continuing Operations	¥7,240	¥546	¥551	¥3,554	¥1,057	¥16,413	¥7,585	¥24,282	¥3,642	¥478	¥1,769	¥(437)
Net Income from Discontinued Operations, Net of Tax	--	--	--	--	--	--	--	--	--	--	--	--
<b>Net Income</b>	<b>¥7,239.7</b>	<b>¥545.9</b>	<b>¥550.7</b>	<b>¥3,553.8</b>	<b>¥1,057.2</b>	<b>¥16,413.0</b>	<b>¥7,585.5</b>	<b>¥24,281.6</b>	<b>¥3,642.5</b>	<b>¥478</b>	<b>¥1,768.7</b>	<b>¥(436.7)</b>
(-) Non-Controlling Interests	(79)	(73)	(62)	(80)	(16)	(34)	25	(44)	25	(317)	--	--
<b>Net Income to Shareholders from Continuing Operations</b>	<b>¥7,319</b>	<b>¥619</b>	<b>¥612</b>	<b>¥3,634</b>	<b>¥1,073</b>	<b>¥16,447</b>	<b>¥7,560</b>	<b>¥24,325</b>	<b>¥3,617</b>	<b>¥794</b>	<b>¥1,769</b>	<b>¥(437)</b>
<b>Share Counts</b>												
Reported Basic Shares	2,894.0	2,913.6	2,919.7	2,923.3	2,926.7	2,961.3	3,096.3	3,103.0	3,107.3	3,105.5	3,121	3,137
Reported Diluted Shares	2,952.1	2,965.7	2,971.2	2,980.3	2,998.8	3,041.2	3,191.2	3,204.9	3,207.8	3,190.1	3,206	3,222
<b>Earnings Per Share</b>												
Reported Basic EPS	¥2.53	¥0.21	¥0.21	¥1.24	¥0.37	¥5.55	¥2.44	¥7.84	¥1.16	¥0.26	¥0.57	¥(0.14)
Reported Diluted EPS	¥2.48	¥0.21	¥0.21	¥1.22	¥0.36	¥5.41	¥2.37	¥7.59	¥1.13	¥0.25	¥0.55	¥(0.14)
<b>Diluted Net Income per ADS</b>	<b>¥2.24</b>	<b>¥2.40</b>	<b>¥2.08</b>	<b>¥0.54</b>	<b>¥1.98</b>	<b>¥3.88</b>	<b>¥3.48</b>	<b>¥1.48</b>	<b>¥2.48</b>	<b>¥2.90</b>	<b>¥2.02</b>	<b>¥0.94</b>
<b>Adj. Net Income</b>	<b>¥3,294.4</b>	<b>¥3,558.9</b>	<b>¥3,085.9</b>	<b>¥910.7</b>	<b>¥2,972.2</b>	<b>¥5,911.1</b>	<b>¥5,558.1</b>	<b>¥2,386.2</b>	<b>¥3,967.5</b>	<b>¥4,626.6</b>	<b>¥3,252.4</b>	<b>¥1,509.4</b>
Adj. Net Margin	2.7%	2.4%	2.3%	0.5%	2.0%	2.9%	3.2%	1.1%	2.0%	1.8%	1.5%	0.5%
<b>Adj. EBITDA</b>	<b>¥3,285</b>	<b>¥4,429</b>	<b>¥4,214</b>	<b>¥1,966</b>	<b>¥4,514</b>	<b>¥6,900</b>	<b>¥6,602</b>	<b>¥2,665</b>	<b>¥4,940</b>	<b>¥3,747</b>	<b>¥4,592</b>	<b>¥2,624</b>
Margin	2.7%	2.9%	3.1%	1.2%	3.1%	3.4%	3.8%	1.2%	2.4%	1.5%	2.1%	0.9%
Incremental Margins	8.1%	12.5%	8.5%	1.4%	4.9%	4.9%	6.1%	1.3%	0.7%	-6.0%	-4.8%	-0.1%

Source: Company reports, Stifel estimates

Historicals	Forecasted Financials				
	2019	2020	2021E	2022E	2023E
803,849	1,026,445	1,296,613	1,559,179	1,783,916	
659,361	805,864	1,024,029	1,282,251	1,527,418	
<b>¥1,463,210</b>	<b>¥1,832,309</b>	<b>¥2,320,643</b>	<b>¥2,841,430</b>	<b>¥3,311,334</b>	
24.4%	25.2%	26.7%	22.4%	16.5%	
510,734	651,879	815,919	1,005,670	1,177,384	
66,155	93,923	137,495	184,644	229,113	
<b>¥576,888</b>	<b>¥745,802</b>	<b>¥953,413</b>	<b>¥1,190,314</b>	<b>¥1,406,497</b>	
24.9%	29.3%	27.8%	24.8%	18.2%	
(492,467)	(636,694)	(825,176)	(1,030,213)	(1,213,099)	
<b>¥84,421</b>	<b>¥109,108</b>	<b>¥128,237</b>	<b>¥160,101</b>	<b>¥193,398</b>	
14.6%	14.6%	13.5%	13.5%	13.8%	
(36,968)	(48,700)	(59,001)	(69,989)	(79,888)	
(22,234)	(27,156)	(39,113)	(45,864)	(52,787)	
(14,619)	(16,149)	(18,039)	(22,521)	(25,908)	
(5,490)	(6,409)	(9,226)	(10,924)	(12,204)	
3,885	1,649	170	0	0	
<b>¥6,995</b>	<b>¥12,343</b>	<b>¥3,027</b>	<b>¥10,803</b>	<b>¥22,610</b>	
1.6%	1.7%	0.3%	0.9%	1.6%	
1,786	2,753	1,000	1,050	1,100	
(725)	(1,125)	(990)	(990)	(990)	
(1,738)	4,291	1,205	0	0	
5,375	32,556	2,494	0	0	
<b>¥13,693</b>	<b>¥50,819</b>	<b>¥6,736</b>	<b>¥10,862</b>	<b>¥22,820</b>	
(1,802)	(1,482)	(1,284.2)	(2,172.5)	(4,564.0)	
13.2%	2.9%	19.1%	20.0%	20.0%	
¥11,890	¥49,337	¥5,452	¥8,690	¥18,256	
2,912.6	3,021.8	3,117.7	3,164.4	3,211.9	
2,967.3	3,109.0	3,206.5	3,254.6	3,303.4	

¥4.18	¥16.35	¥1.84	¥2.75	¥5.68
¥4.11	¥15.89	¥1.79	¥2.67	¥5.53
<b>¥7.24</b>	<b>¥10.82</b>	<b>¥6.34</b>	<b>¥11.08</b>	<b>¥17.58</b>
<b>¥10,749.9</b>	<b>¥16,827.6</b>	<b>¥13,356.0</b>	<b>¥18,033.8</b>	<b>¥29,025.6</b>
1.9%	2.3%	1.4%	1.5%	2.1%
<b>¥13,894</b>	<b>¥20,836</b>	<b>¥15,903</b>	<b>¥26,516</b>	<b>¥41,178</b>
2.4%	2.8%	1.7%	2.2%	2.9%
7.2%	4.1%	-2.4%	4.5%	6.8%

Earnings Preview  
**October 29, 2021**

JD.com Model (RMB mn)	2019				2020				2021E				Historicals		Forecasted Financials		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3E	Q4E	2019	2020	2021E	2022E	2023E
<b>Balance Sheet</b>																	
<b>Assets:</b>																	
Cash & Cash Equivalents	¥34,054	¥32,778	¥32,125	¥36,971	¥43,529	¥71,572	¥73,113	¥86,085	¥71,408	¥97,347	¥89,783	¥107,381	¥36,971	¥86,085	¥107,381	¥144,799	¥183,987
Restricted Cash	2,588	2,823	2,635	2,941	2,246	5,743	5,164	4,434	3,970	5,310	5,310	5,310	2,941	4,434	5,310	5,310	5,310
Short-term Investments	4,221	24,562	24,466	24,603	29,364	48,730	48,402	60,577	63,470	75,453	75,453	75,453	24,603	60,577	75,453	75,453	75,453
Accounts Receivable, net	8,316	8,415	6,014	6,191	8,264	9,674	6,692	7,112	7,751	13,948	10,101	9,818	6,191	7,112	9,818	12,258	14,484
Advance to Suppliers	406	800	661	593	1,566	2,320	5,134	3,768	3,768	3,848	3,848	3,848	406	800	3,848	3,848	3,848
Inventories, net	38,236	45,521	48,265	57,932	50,585	54,477	55,346	58,933	59,524	65,768	72,657	95,289	57,932	58,933	95,289	118,966	140,086
Prepayments and Other Current Assets	4,709	6,882	5,216	5,630	6,303	8,882	5,932	7,077	8,310	11,906	11,906	11,906	5,630	7,077	11,906	11,906	11,906
Amount Due from Related Parties	2,306	5,350	10,221	4,234	2,528	3,804	7,422	6,667	9,242	11,877	11,877	11,877	4,234	6,667	11,877	11,877	11,877
Other Current Assets	231	325	0	0	166	274	362	149	136	146	125	161	0	149	161	0	0
<b>Total Current Assets</b>	<b>¥95,068</b>	<b>¥127,457</b>	<b>¥129,603</b>	<b>¥139,095</b>	<b>¥144,552</b>	<b>¥205,477</b>	<b>¥207,567</b>	<b>¥234,801</b>	<b>¥227,580</b>	<b>¥285,602</b>	<b>¥281,059</b>	<b>¥321,042</b>	<b>¥139,095</b>	<b>¥234,801</b>	<b>¥321,042</b>	<b>¥384,416</b>	<b>¥446,950</b>
Property, Equipment and Software, net	¥39,372	¥39,477	¥39,776	¥41,462	¥38,146	¥40,964	¥46,067	¥48,091	¥48,180	¥51,588	¥52,669	¥53,790	¥41,462	¥48,091	¥53,790	¥58,381	¥63,806
Goodwill	6,644	6,644	6,644	6,644	6,644	9,272	10,928	10,904	11,628	12,310	12,310	12,310	6,644	10,904	12,310	12,310	12,310
Investment in Equity Investees	32,043	36,733	38,576	35,576	36,773	48,203	51,954	58,501	62,297	66,399	66,399	66,399	35,576	58,501	66,399	66,399	66,399
Investment Securities	21,014	18,405	15,708	21,417	20,781	26,418	27,804	39,085	34,156	26,367	26,367	26,367	21,417	30,085	26,367	26,367	26,367
Other Non-Current Assets	20,188	16,776	15,525	15,530	18,801	22,148	29,980	30,905	31,158	33,866	33,866	33,866	15,530	30,905	33,866	33,866	33,866
<b>Total Assets</b>	<b>¥214,329</b>	<b>¥245,491</b>	<b>¥245,832</b>	<b>¥259,724</b>	<b>¥265,696</b>	<b>¥352,480</b>	<b>¥374,300</b>	<b>¥422,288</b>	<b>¥414,999</b>	<b>¥476,132</b>	<b>¥472,670</b>	<b>¥513,774</b>	<b>¥259,724</b>	<b>¥422,288</b>	<b>¥513,774</b>	<b>¥581,739</b>	<b>¥649,697</b>
<b>Liabilities:</b>																	
Short-term Borrowing	935	137	0	0	8,602	8,788	2,942	3,260	4,303	562	562	562	0	3,260	562	562	562
Secured Borrowings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nonrecourse Securitization Debt	935	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	71,369	93,393	86,450	90,428	76,485	100,210	105,303	106,818	97,099	127,967	119,941	151,320	90,428	106,818	151,320	184,845	208,790
Advance from Customers	13,711	12,984	14,362	16,079	16,151	18,766	21,698	20,998	21,016	25,022	22,729	28,054	16,079	20,998	28,054	35,024	41,385
Deferred Revenues	1,909	4,637	4,103	3,327	4,115	4,054	3,436	3,417	4,616	4,480	4,267	4,266	3,327	3,417	4,266	5,326	6,294
Taxes Payable	911	1,322	1,377	2,016	1,181	2,516	2,640	3,029	1,772	1,963	1,963	1,963	2,016	3,029	1,963	1,963	1,963
Amount Due to Related Parties	151	377	286	318	1,266	1,179	359	585	361	368	368	368	318	585	368	368	368
Accrued Expenses and Other Current Liabilities	21,969	24,019	22,803	24,656	25,376	28,734	27,670	30,035	27,205	30,312	34,367	37,497	24,656	30,035	37,497	46,814	55,316
Other Current Liabilities	3,053	3,210	3,392	3,193	3,422	7,702	8,549	5,874	5,865	6,243	6,243	6,243	3,193	5,874	6,243	6,243	6,243
<b>Total Current Liabilities</b>	<b>¥114,943</b>	<b>¥140,080</b>	<b>¥132,773</b>	<b>¥140,017</b>	<b>¥136,598</b>	<b>¥171,949</b>	<b>¥172,596</b>	<b>¥174,017</b>	<b>¥162,236</b>	<b>¥196,916</b>	<b>¥190,439</b>	<b>¥230,272</b>	<b>¥140,017</b>	<b>¥174,017</b>	<b>¥230,272</b>	<b>¥281,146</b>	<b>¥320,921</b>
Deferred Revenues	375	2,246	2,047	1,943	1,913	1,862	1,780	1,618	1,603	1,518	1,518	1,518	1,943	1,618	1,518	1,518	1,518
Nonrecourse Securitization Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings	7,658	9,898	10,187	10,052	17,131	13,590	13,187	12,531	12,623	12,412	12,412	12,412	10,052	12,531	12,412	12,412	12,412
Deferred Tax Liabilities	3,030	1,031	1,117	1,339	1,277	1,399	2,026	1,922	1,856	2,002	2,002	2,002	1,339	1,922	2,002	2,002	2,002
Other Non-current Liabilities	4,611	4,219	5,991	5,749	5,532	7,678	9,634	10,582	10,568	13,878	13,878	13,878	5,749	10,582	13,878	13,878	13,878
<b>Total Liabilities</b>	<b>¥130,617</b>	<b>¥157,474,561</b>	<b>¥152,114,401</b>	<b>¥159,099</b>	<b>¥162,451</b>	<b>¥196,477</b>	<b>¥199,223</b>	<b>¥200,669</b>	<b>¥188,886</b>	<b>¥226,726</b>	<b>¥220,249</b>	<b>¥260,082</b>	<b>¥159,099</b>	<b>¥200,669</b>	<b>¥260,082</b>	<b>¥310,955</b>	<b>¥350,730</b>
<b>Stockholders' Equity:</b>																	
Preferred Shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ordinary Shares and Additional Paid in Capital	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Statutory Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Treasury Stock	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Earnings (Loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Other Comprehensive Income (Loss)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total JD Stockholders' Equity</b>	<b>66,627</b>	<b>69,838</b>	<b>75,895</b>	<b>81,856</b>	<b>84,290</b>	<b>136,346</b>	<b>150,558</b>	<b>187,543</b>	<b>188,672</b>	<b>216,759</b>	<b>219,774</b>	<b>221,045</b>	<b>81,856</b>	<b>187,543</b>	<b>221,045</b>	<b>238,137</b>	<b>266,320</b>
Non-controlling Interests	1,123	2,216	1,859	2,804	2,989	3,692	7,388	16,943	19,837	31,444	31,444	31,444	2,804	16,943	31,444	31,444	31,444
<b>Total Stockholders' Equity</b>	<b>67,750</b>	<b>72,054</b>	<b>77,754</b>	<b>84,660</b>	<b>87,279</b>	<b>140,038</b>	<b>157,947</b>	<b>204,486</b>	<b>208,509</b>	<b>248,203</b>	<b>251,218</b>	<b>252,489</b>	<b>84,660</b>	<b>204,486</b>	<b>252,489</b>	<b>269,581</b>	<b>297,764</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>¥214,329</b>	<b>¥245,491</b>	<b>¥245,832</b>	<b>¥259,724</b>	<b>¥265,696</b>	<b>¥352,480</b>	<b>¥374,300</b>	<b>¥422,288</b>	<b>¥414,999</b>	<b>¥476,132</b>	<b>¥472,670</b>	<b>¥513,774</b>	<b>¥259,724</b>	<b>¥422,288</b>	<b>¥513,774</b>	<b>¥581,739</b>	<b>¥649,697</b>
<b>Working Capital Metrics</b>																	
Days Receivable Outstanding	6.3	5.1	4.1	3.3	5.2	4.4	3.5	2.9	3.5	5.0	3.5	2.9	3.9	3.5	3.8	3.8	3.8
Inventory Days	33.9	32.4	38.4	36.1	37.3	28.9	34.3	27.9	31.2	27.0	34.3	27.0	43.0	33.8	42.2	42.2	42.2
Loans Receivable - % of Sales	0.2%	0.2%	0.0%	0.0%	0.1%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Days Payable Outstanding	53.8	56.7	58.5	48.4	47.8	45.5	55.2	43.5	43.6	46.0	55.2	43.5	57.3	52.3	58.0	55.5	53.0
Accrued Expenses - % of Sales	18.1%	16.0%	16.9%	14.4%	17.4%	14.3%	15.9%	13.4%	13.4%	11.9%	15.9%	13.4%	4.3%	4.0%	3.9%	3.9%	3.9%
Deferred Revenue - % of Sales	1.6%	3.1%	3.0%	1.9%	2.8%	2.0%	2.0%	1.5%	2.3%	1.6%	2.0%	1.5%	0.6%	0.5%	0.4%	0.4%	0.4%
Advance from Customers - % of Sales	11.3%	8.6%	10.7%	9.4%	11.0%	9.3%	12.5%	9.4%	10.3%	9.6%	10.5%	10.0%	2.8%	2.8%	2.9%	2.9%	2.9%

Source: Company reports, Stifel estimates



# Earnings Preview

## October 29, 2021

JD.com Model (RMB mn)	2019				2020				2021E				Historicals		Forecasted Financials		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3E	Q4E	2019	2020	2021E	2022E	2023E
<b>Cash Flow Statement</b>																	
<b>Operating Cash Flow:</b>																	
<b>Net Income (Loss)</b>	<b>¥7,240</b>	<b>¥546</b>	<b>¥551</b>	<b>¥3,554</b>	<b>¥1,057</b>	<b>¥16,413</b>	<b>¥7,585</b>	<b>¥24,282</b>	<b>¥3,642</b>	<b>¥478</b>	<b>¥1,769</b>	<b>(¥437)</b>	<b>¥11,890</b>	<b>¥49,337</b>	<b>¥5,452</b>	<b>¥8,690</b>	<b>¥18,256</b>
Depreciation & Amortization	1,673.1	1,359.9	1,239.5	1,261.7	1,258.5	1,461.3	1,327.9	1,451.1	1,437.5	1,224.3	1,514.6	1,680.4	5,534	5,499	5,857	7,312	8,640
Other	2,123	(2,805)	2,665	(2,818)	5,581	(7,101)	2,556	(22,250)	993	7,237			(835)	(21,214)	8,229		
<b>Funds from Operations (FFO)</b>	<b>¥11,654</b>	<b>¥122</b>	<b>¥5,480</b>	<b>¥3,029</b>	<b>¥8,873</b>	<b>¥11,407</b>	<b>¥12,521</b>	<b>¥4,977</b>	<b>¥7,770</b>	<b>¥11,016</b>	<b>¥4,530</b>	<b>¥2,951</b>	<b>¥20,284</b>	<b>¥37,778</b>	<b>¥26,267</b>	<b>¥24,404</b>	<b>¥36,824</b>
<b>Working Capital:</b>																	
Accounts Receivable	2,794	(99)	2,400	(176)	(2,074)	(1,410)	2,982	(420)	(639)	(6,197)	3,847	283	4,919	(921)	(2,706)	(2,440)	(2,226)
Restricted Cash	651	(235)	189	(306)	694	(3,497)	579	730	464	(1,339)	0	0	299	(1,494)	(875)	0	0
Inventories	5,794	(7,285)	(2,745)	(9,667)	7,347	(3,892)	(869)	(3,587)	(592)	(6,244)	(6,889)	(22,632)	(13,902)	(1,000)	(36,357)	(23,677)	(21,119)
Loan Receivables	(231)	(94)	325	0	(166)	(108)	(88)	213	12	(10)	22	(37)	0	(149)	(13)	161	0
Advance to Suppliers	71	(394)	139	68	(972)	(754)	(2,814)	1,366	0	(80)	0	0	(116)	(3,175)	(80)	0	0
Prepayments and other Current Expenses	1,855	(2,173)	1,666	(414)	(673)	(2,579)	2,950	(1,144)	(1,233)	(3,596)	0	0	935	(1,447)	(4,829)	0	0
Amount Due from Related Parties	(64)	225	(91)	32	948	(87)	(820)	226	(224)	6	0	0	102	267	(218)	0	0
Other Non-Current Assets	(12,904)	3,412	1,251	(6)	(3,270)	(3,347)	(7,832)	(925)	(253)	(2,708)	0	0	(8,247)	(15,374)	(2,961)	0	0
Accounts Payable	(8,616)	22,024	(6,943)	3,979	(13,943)	23,725	5,093	1,516	(9,720)	30,868	(8,026)	31,379	10,443	16,390	44,501	33,526	23,944
Advances from Customers	693	(726)	1,377	1,717	72	2,615	2,932	(700)	18	4,006	(2,294)	5,325	3,061	4,919	7,056	6,971	6,361
Deferred Revenues	(71)	2,728	(534)	(776)	789	(61)	(618)	(18)	1,198	(136)	(213)	(1)	1,346	91	849	1,060	967
Taxes Payable	85	411	55	639	(835)	1,335	124	389	(1,257)	190	0	0	1,190	1,014	(1,067)	0	0
Accrued Expenses and Other Current Liabilities	1,677	2,050	(1,216)	1,853	720	3,358	(1,064)	2,364	(2,829)	3,107	4,055	3,130	4,364	5,378	7,462	9,317	8,502
Amount Due to Related Parties	(64)	225	(91)	32	948	(87)	(820)	226	(224)	6	0	0	102	267	(218)	0	0
<b>Changes in Working Capital</b>	<b>(¥8,330)</b>	<b>¥20,070</b>	<b>(¥4,218)</b>	<b>(¥3,025)</b>	<b>(¥10,415)</b>	<b>¥15,211</b>	<b>(¥265)</b>	<b>¥237</b>	<b>(¥15,279)</b>	<b>¥17,874</b>	<b>(¥9,497)</b>	<b>¥17,447</b>	<b>¥4,497</b>	<b>¥4,767</b>	<b>¥10,545</b>	<b>¥24,918</b>	<b>¥16,430</b>
<b>Operating Cash Flow</b>	<b>¥3,323</b>	<b>¥20,192</b>	<b>¥1,262</b>	<b>¥4</b>	<b>(¥1,542)</b>	<b>¥26,618</b>	<b>¥12,256</b>	<b>¥5,214</b>	<b>(¥7,509)</b>	<b>¥28,890</b>	<b>(¥4,968)</b>	<b>¥20,398</b>	<b>¥24,781</b>	<b>¥42,544</b>	<b>¥36,812</b>	<b>¥49,322</b>	<b>¥53,253</b>
<b>Investing Cash Flow:</b>																	
Capital Expenditures	(¥3,134)	(¥1,477)	(¥1,430)	¥152	(¥2,008)	(¥2,865)	(¥2,786)	(¥846)	(¥3,459)	(¥2,659)	(¥2,596)	(¥2,801)	(¥5,889)	(¥8,504)	(¥11,515)	(¥11,903)	(¥14,065)
Purchases of Short-term and Other Investments																	
Maturity of Short-term Investments																	
Changes of Deposits for Capital Verification																	
Purchases of Investment Securities																	
Prepayments and Investments in Equity Investees																	
Cash Received from Disposal of Investment in Equity Investees																	
Cash Received from/paid for Business Combination, net																	
Other	2,031	(19,552)	(4,240)	2,301	(6,189)	(20,525)	(9,733)	(12,860)	(4,172)	(15,415)			(19,461)	(49,306)	(19,588)		
<b>Investing Cash Flow</b>	<b>(¥1,103)</b>	<b>(¥21,028)</b>	<b>(¥5,670)</b>	<b>¥2,452</b>	<b>(¥8,196)</b>	<b>(¥23,390)</b>	<b>(¥12,519)</b>	<b>(¥13,705)</b>	<b>(¥7,631)</b>	<b>(¥18,074)</b>	<b>(¥2,596)</b>	<b>(¥2,801)</b>	<b>(¥25,349)</b>	<b>(¥57,811)</b>	<b>(¥31,103)</b>	<b>(¥11,903)</b>	<b>(¥14,065)</b>
<b>Financing Cash Flow:</b>																	
Proceeds from Issuance of Ordinary Shares, net																	
Issuance of Shares Upon Exercising Share-Based Awards																	
Capital Injection from Non-Controlling Interests																	
Proceeds from Short-term Bank loans																	
Repayment of Short-term Bank loans																	
Proceeds from Non-Recourse Securitization Debt																	
Other	(2,556)	(449)	2,490	3,088	15,086	28,455	4,118	23,413	(592)	17,443			2,572	71,072	16,851		
<b>Financing Cash Flow</b>	<b>(¥2,556)</b>	<b>(¥449)</b>	<b>¥2,490</b>	<b>¥3,088</b>	<b>¥15,086</b>	<b>¥28,455</b>	<b>¥4,118</b>	<b>¥23,413</b>	<b>(¥592)</b>	<b>¥17,443</b>	<b>¥0</b>	<b>¥0</b>	<b>¥2,572</b>	<b>¥71,072</b>	<b>¥16,851</b>	<b>¥0</b>	<b>¥0</b>
Effects of Exchange Rate Changes on Cash & Equivalents	(423.2)	415.6	804.4	(391.0)	609.4	(60.0)	(2,660.0)	(2,971.7)	595.3	(967.3)			405.9	(5,082.4)	(372.1)		
Beginning Cash	¥34,813	¥34,054	¥33,184	¥32,070	¥37,223	¥43,180	¥74,802	¥75,997	¥87,946	¥71,408	¥97,347	¥89,783	¥34,871	¥37,281	¥88,004	¥107,439	¥144,799
(+/-) Net Changes in Cash	(758.9)	(869.7)	(1,114.2)	5,153.047	5,956.9	31,622.2	1,194.8	11,949.0	(15,136.7)	27,292	(7,564.2)	17,597.7	2,410.2	50,722.9	22,188.7	37,418.6	39,188.1
(+/-) Restatements / Adjustments (pre-10-Q / K)									(1,400.8)	(1,353.1)					(3,253.9)	(59.3)	--
<b>Ending Cash</b>	<b>¥34,054</b>	<b>¥33,184</b>	<b>¥32,070</b>	<b>¥37,223</b>	<b>¥43,180</b>	<b>¥74,802</b>	<b>¥75,997</b>	<b>¥87,946</b>	<b>¥71,408</b>	<b>¥97,347</b>	<b>¥89,783</b>	<b>¥107,381</b>	<b>¥37,281</b>	<b>¥88,004</b>	<b>¥107,439</b>	<b>¥144,799</b>	<b>¥183,987</b>

Source: Company reports, S&P estimates; cash flow statement includes reconciliations

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