

JD.com (JD US)

Driving healthy core business earnings growth amid high base in 2026

JD.com (JD) reported (5 Mar) 4Q25 results: revenue was RMB352.3bn, up 1.5% YoY (3Q25: 14.9%), 1% ahead of both our forecast and Bloomberg consensus. Non-GAAP NP was RMB1.1bn, down 90% YoY due to investment in food delivery (FD) and high base, but ahead of our forecast and consensus at RMB0.5bn, driven by the beat on JDR's OP. Operating loss of RMB14.8bn for new businesses in 4Q25 (3Q25: RMB15.7bn loss) was slightly higher than our estimate at RMB14.5bn, while the 20% QoQ decrease in operating loss generated from FD business was inline with our forecast. We lift 2026-27E revenue/non-GAAP NP forecasts by 3%/1-6% to factor in better-than-feared revenue growth of electronics and home appliances (E&HA) revenue, as well as better-than-expected operating efficiency improvement. We lift our DCF-based TP by 2% to US\$47.5. Greater visibility on group-level earnings growth as well as shareholder return remain key drivers for stock price, in our view. BUY.

- Driving healthy JDR earnings growth in 2026.** Amid high base, JDR inked revenue of RMB301.9bn in 4Q25, down 1.7% YoY (3Q25: +11.4%), 1.7% better than consensus, while its OP reached RMB9.8bn, down 2.5% YoY (3Q25: +28%; 4Q24: +45%), and OPM of JDR was down by 0.1ppt YoY to 3.2%. For 2025, JDR delivered revenue growth of 11% YoY and OP growth of 25% YoY. Driven by solid revenue growth in general merchandise and services, as well as operating efficiency improvement and increasing scale effect, we are looking for 5/5% YoY revenue/OP growth for JDR in 2026E.
- Strong revenue growth in general merchandise and marketplace.** By revenue stream, within net product revenue, E&HA revenue was down 12.0% YoY in 4Q25 (3Q25: +4.9%). General merchandise revenue was up 12.1% YoY during the same period (3Q25: +18.8%). Within net services revenue, marketplace and ads revenue rose 15.0% YoY in 4Q25 (3Q25: 23.7%), driven by the balanced growth in both advertising revenue and commission revenue, with commission revenue slightly outperformed. We are anticipating 3.2% YoY total revenue growth for JD in 1Q26E, driven by 18.9% YoY growth in net services revenue, while offsetting by 0.6% YoY decline in net product revenue amid high base.
- Targets to narrow FD loss in 2026.** Operating loss generated from new businesses was RMB14.8bn in 4Q25 (3Q25: RMB15.7bn). Management noted a c.20% QoQ loss reduction on FD business, which narrowed to RMB10.5bn based on our estimates, driven by improvement in unit economics, while this was partly offset by incremental investment in Jingxi and international business to support business development. Management noted that FD business has contributed an incremental 2-3% to ads revenue in 4Q25E, and remained confident in sustaining the solid ads revenue growth in 2026. Driven by incremental commission revenue generation, improvement in operating efficiency, and optimization in user subsidy, management targets to narrow operating loss generated from FD business in 2026E.
- Update on shareholder return.** In 2025, JD repurchased approximately 91.6mn ADSs for a total of c. US\$3.0bn, which amounted to approximately 6.3% of ADSs outstanding as of 31 Dec 2024. And JD announced an annual cash dividend of US\$1.0 per ADS for 2025 with aggregate amount of dividend reaching US\$1.4bn.

BUY (Maintain)

Target Price	US\$47.50
(Previous TP)	US\$46.80)
Up/Downside	86.5%
Current Price	US\$25.47

China Internet

Saiyi HE, CFA
 (852) 3916 1739
 hesaiyi@cmbi.com.hk

Ye TAO, CFA
 (852) 3850 5226
 franktao@cmbi.com.hk

Wentao LU, CFA
 luwentao@cmbi.com.hk

Stock Data

Mkt Cap (US\$ mn)	37,924.8
Avg 3 mths t/o (US\$ mn)	246.5
52w High/Low (US\$)	45.21/25.40
Total Issued Shares (mn)	1489.0

Source: FactSet

Shareholding Structure

Max Smart Limited	9.6%
BlackRock	4.7%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-9.3%	-8.4%
3-mth	-14.8%	-11.9%
6-mth	-19.0%	-22.9%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	1,158,819	1,309,085	1,402,266	1,497,088	1,571,919
YoY growth (%)	6.8	13.0	7.1	6.8	5.0
Net profit (RMB mn)	41,359.0	19,631.0	24,073.8	38,316.1	42,082.7
Adjusted net profit (RMB mn)	47,827.0	27,032.0	29,109.1	43,271.1	47,178.7
EPS (Adjusted) (RMB)	31.07	17.02	19.55	29.06	31.68
Consensus EPS (RMB)	31.07	17.53	19.65	28.36	32.12
P/E (x)	6.4	12.7	10.4	6.5	5.9

Source: Company data, Bloomberg, CMBIGM estimates

Business forecasts update and valuation

Figure 1: JD: quarterly financial results

(RMBbn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	4Q25E Consensus	Diff%	4Q25 CMBI estimates	Diff%
Revenue breakdown by product and services revenue												
Net product revenues	208.5	233.9	204.6	281.0	242.3	282.4	226.1	273.0	271.0	0.7%	268.3	1.7%
YoY growth (%)	6.6%	0.0%	4.8%	14.0%	16.2%	20.7%	10.5%	-2.8%				
Electronics and home appliance revenues	123.2	145.1	122.6	174.1	144.3	179.0	128.6	153.3	150.8	1.7%	148.7	3.1%
YoY growth (%)	5.3%	-4.6%	2.7%	15.8%	17.1%	23.4%	4.9%	-12.0%				
General merchandise revenues	85.3	88.8	82.1	106.8	98.0	103.4	97.5	119.7	120.3	-0.5%	119.6	0.1%
YoY growth (%)	8.6%	8.7%	8.0%	11.1%	14.9%	16.4%	18.8%	12.1%				
Net services revenues	51.5	57.5	55.8	66.0	58.8	74.2	73.0	79.3	79.3	-0.1%	80.9	-2.0%
YoY growth (%)	8.8%	6.3%	6.5%	10.8%	14.0%	29.1%	30.8%	20.1%				
Marketplace and advertising revenues	19.3	23.4	20.8	26.6	22.3	28.5	25.7	30.6	31.1	-1.5%	29.5	3.6%
YoY growth (%)	1.2%	4.1%	6.3%	12.7%	15.7%	21.7%	23.7%	15.0%				
Logistics and other service revenues	32.3	34.1	35.0	39.4	36.5	45.7	47.3	48.7	48.3	0.8%	51.3	-5.2%
YoY growth (%)	13.8%	7.9%	6.5%	9.5%	13.0%	34.3%	35.0%	23.6%				
Revenue breakdown by business segments												
JD Retail	226.8	257.1	225.0	307.1	263.8	310.1	250.6	301.9	297.0	1.7%	297.1	1.6%
YoY growth (%)	6.8%	1.5%	6.1%	14.7%	16.3%	20.6%	11.4%	-1.7%				
JD Logistics	42.1	44.2	44.4	52.1	47.0	51.6	55.1	63.5			49.9	
YoY growth (%)	14.7%	7.7%	6.6%	10.4%	11.5%	16.6%	24.1%	21.9%				
New businesses (including Dada)	4.9	4.6	5.0	4.7	5.8	13.9	15.6	14.1			17.4	
YoY growth (%)	19.2%	35.0%	25.7%	31.0%	18.1%	198.8%	213.7%	200.9%				
Intersegment elimination	-13.8	-14.5	-14.0	-16.8	-15.5	-18.8	-22.2	-27.2			-18.8	
Total revenue	260.0	291.4	260.4	347.0	301.1	356.7	299.1	352.3	350.3	0.6%	349.2	0.9%
YoY growth (%)	7.0%	1.2%	5.1%	13.4%	15.8%	22.4%	14.9%	1.5%				
Gross profit	39.8	45.9	45.0	53.1	47.8	56.6	50.5	55.1	52.8	4.2%	52.9	4.0%
Operating profit	7.7	10.5	12.0	8.5	10.5	-0.9	-1.1	-5.8	-3.9	49.2%	-3.8	53.9%
JD Retail OP	9.3	10.1	11.6	10.0	12.8	13.9	14.8	9.8	7.8	25.5%	7.6	29.5%
YoY growth (%)	-5.3%	24.1%	5.5%	44.7%	37.8%	37.9%	27.7%	-2.5%				
New businesses (including Dada)	-0.7	-0.7	-0.6	-0.9	-1.3	-14.8	-15.7	-14.8			-14.5	
Non-GAAP net profit	8.9	14.5	13.2	11.3	12.8	7.4	5.8	1.1	0.5	98.0%	0.5	124.0%
YoY growth (%)	17.2%	69.0%	23.9%	34.2%	43.4%	-48.9%	-56.0%	-90.4%				
Margin profile												
GPM (%)	15.3%	15.8%	17.3%	15.3%	15.9%	15.9%	16.9%	15.6%	15.1%	0.5 ppt	15.2%	0.5 ppt
OPM (%)	3.0%	3.6%	4.6%	2.4%	3.5%	-0.2%	-0.4%	-1.7%	-1.1%	-0.5 ppt	-1.1%	-0.6 ppt
JD Retail Adjusted NPM (%)	4.1%	3.9%	5.2%	3.3%	4.9%	4.5%	5.9%	3.2%	2.6%	0.6 ppt	2.5%	0.7 ppt
Adjusted NPM (%)	3.4%	5.0%	5.1%	3.3%	4.2%	2.1%	1.9%	0.3%	0.2%	0.2 ppt	0.1%	0.2 ppt

Source: Bloomberg, Company data, CMBIGM estimates

Figure 2: JD: forecast revision

RMB bn	Current			Previous			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,402.3	1,497.1	1,571.9	1,364.7	1,451.6	-	2.8%	3.1%	-
Gross profit	224.7	242.5	255.9	218.5	231.7	-	2.9%	4.7%	-
Operating profit	14.1	34.6	44.3	14.2	32.2	-	-0.2%	7.3%	-
Non-GAAP net profit	29.1	43.3	47.2	28.8	40.9	-	1.0%	5.7%	-
Gross Margin	16.0%	16.2%	16.3%	16.0%	16.0%	-	0.0 ppt	0.2 ppt	-
OPM	1.0%	2.3%	2.8%	1.0%	2.2%	-	0.0 ppt	0.1 ppt	-
- JD Retail	4.6%	4.6%	4.6%	4.2%	4.3%	-	0.4 ppt	0.3 ppt	-
Non-GAAP net margin	2.1%	2.9%	3.0%	2.1%	2.8%	-	0.0 ppt	0.1 ppt	-

Source: CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

RMB bn	Current			Consensus			Diff (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,402.3	1,497.1	1,571.9	1,374.7	1,454.0	1,521.6	2.0%	3.0%	3.3%
Gross profit	224.7	242.5	255.9	221.3	238.8	252.7	1.6%	1.5%	1.2%
Operating profit	14.1	34.6	44.3	15.7	32.2	36.6	-9.7%	7.2%	20.9%
Non-GAAP net profit	29.1	43.3	47.2	30.2	41.5	47.3	-3.5%	4.3%	-0.2%
Gross Margin	16.0%	16.2%	16.3%	16.1%	16.4%	16.6%	-0.1 ppt	-0.2 ppt	-0.3 ppt
Non-GAAP net margin	2.1%	2.9%	3.0%	2.2%	2.9%	3.1%	-0.1 ppt	0.0 ppt	-0.1 ppt

Source: Bloomberg, CMBIGM estimates

DCF-based target price of US\$47.5

Our target price of US\$47.5 is derived from the DCF valuation methodology (WACC of 11.8% and terminal growth of 1.0%; both unchanged).

Figure 4: JD: DCF valuation (WACC of 11.8% and terminal growth of 1.0%)

(RMBbn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total revenue	1,402	1,497	1,572	1,633	1,683	1,725	1,759	1,786	1,809
NPV of FCF	170								
Discounted terminal value	194								
Total equity valuation	495								
No. of ADS (diluted, mn)	1,489								
Valuation per ADS (US\$)	47.5								
TP per ADSs (US\$)	47.5								

Source: Bloomberg, CMBIGM estimates

Risks

1) Consumption recovery takes longer than we expect; 2) more intensified-than-expected business competition; 3) more aggressive-than-expected investment on FD business may weigh on earnings growth.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	1,084,662	1,158,819	1,309,085	1,402,266	1,497,088	1,571,919
Cost of goods sold	(924,958)	(974,951)	(1,099,057)	(1,177,520)	(1,254,609)	(1,316,055)
Gross profit	159,704	183,868	210,028	224,746	242,479	255,864
Operating expenses	(132,663)	(143,570)	(207,641)	(210,605)	(207,929)	(211,563)
Selling expense	(40,133)	(47,953)	(83,953)	(79,929)	(70,363)	(69,164)
Admin expense	(9,710)	(8,888)	(11,980)	(12,693)	(13,401)	(13,914)
R&D expense	(16,393)	(17,031)	(22,229)	(23,531)	(24,823)	(25,749)
Others	(66,427)	(69,698)	(89,479)	(94,452)	(99,342)	(102,736)
Operating profit	27,041	40,298	2,387	14,141	34,550	44,301
Other gains/(losses)	7,496	13,371	17,327	12,129	9,703	7,762
Share of (losses)/profits of associates/JV	1,010	2,327	8,025	8,025	8,025	8,025
EBIT	35,547	55,996	27,739	34,295	52,278	60,088
Interest income	(2,881)	(2,896)	(2,803)	(2,803)	(2,803)	(2,803)
Others	(1,016)	(1,562)	387	0	0	0
Pre-tax profit	31,650	51,538	25,323	31,492	49,475	57,285
Income tax	8,393	6,878	2,181	4,818	8,559	12,603
After tax profit	23,257	44,660	23,142	26,674	40,916	44,683
Minority interest	(910)	3,301	3,511	2,600	2,600	2,600
Discontinued operations	0	0	0	0	0	0
Others	0	0	0	0	0	0
Net profit	24,167	41,359	19,631	24,074	38,316	42,083
Adjusted net profit	35,200	47,827	27,032	29,109	43,271	47,179
BALANCE SHEET						
YE 31 Dec (RMB mn)						
Current assets	307,810	386,698	374,421	419,543	473,258	527,560
Cash & equivalents	71,892	108,350	137,488	150,042	193,208	239,097
Restricted cash	7,506	7,366	12,137	12,137	12,137	12,137
Account receivables	20,302	25,596	27,333	30,735	32,813	34,453
Inventories	68,058	89,326	95,428	121,946	129,929	136,293
Prepayment	15,639	15,951	17,898	17,898	17,898	17,898
Other current assets	124,413	140,109	84,137	86,786	87,273	87,681
Non-current assets	321,148	311,536	320,780	332,686	342,142	352,281
PP&E	70,035	82,737	91,349	103,255	112,711	122,850
Right-of-use assets	20,863	24,532	31,128	31,128	31,128	31,128
Deferred income tax	1,744	2,459	5,237	5,237	5,237	5,237
Investment in JVs & assos	56,746	56,850	51,978	51,978	51,978	51,978
Intangibles	6,935	7,793	7,723	7,723	7,723	7,723
Goodwill	19,980	25,709	26,291	26,291	26,291	26,291
Other non-current assets	144,845	111,456	107,074	107,074	107,074	107,074
Total assets	628,958	698,234	695,201	752,229	815,400	879,840
Current liabilities	265,650	299,521	306,072	310,172	324,798	336,547
Short-term borrowings	5,034	7,581	8,014	8,014	8,014	8,014
Account payables	166,167	192,860	188,379	190,339	202,800	212,732
Tax payable	7,313	9,487	7,008	7,008	7,008	7,008
Other current liabilities	35,848	36,002	43,227	45,368	47,532	49,349
Lease liabilities	7,755	7,606	9,399	9,399	9,399	9,399
Accrued expenses	43,533	45,985	50,045	50,045	50,045	50,045
Non-current liabilities	66,928	85,416	95,346	117,048	120,258	123,742
Long-term borrowings	10,411	24,770	20,798	43,807	47,016	50,500
Deferred income	964	502	0	0	0	0
Other non-current liabilities	55,553	60,144	74,548	73,242	73,242	73,242
Total liabilities	332,578	384,937	401,418	427,221	445,056	460,289
Share capital	0	0	0	0	0	0
Capital surplus	231,858	239,347	225,040	232,191	239,211	246,336
Retained earnings	0	0	0	24,074	62,390	104,473
Other reserves	614	484	0	0	0	0
Total shareholders equity	232,472	239,831	225,040	256,265	301,601	350,809
Minority interest	63,908	73,466	68,743	68,743	68,743	68,743
Total equity and liabilities	628,958	698,234	695,201	752,229	815,400	879,840

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	31,650	51,538	25,323	31,492	49,475	57,285
Depreciation & amortization	8,292	8,904	9,990	10,313	10,863	11,197
Tax paid	(8,393)	(6,878)	(2,181)	(4,818)	(8,559)	(12,603)
Change in working capital	16,547	5,350	(10,986)	(28,468)	4,077	3,337
Others	11,425	(819)	(3,155)	4,551	4,420	4,525
Net cash from operations	59,521	58,095	18,991	13,070	60,276	63,742
Investing						
Capital expenditure	(15,050)	(16,950)	(20,386)	(20,435)	(20,320)	(21,335)
Acquisition of subsidiaries/ investments	(194,987)	(151,608)	0	0	0	0
Net proceeds from disposal of short-term investments	225,889	168,481	0	0	0	0
Others	(75,395)	(794)	62,218	0	0	0
Net cash from investing	(59,543)	(871)	41,832	(20,435)	(20,320)	(21,335)
Financing						
Net borrowings	1,562	13,113	(3,539)	23,009	3,209	3,484
Proceeds from share issues	(7,370)	(34,117)	0	0	0	0
Others	0	0	(23,189)	0	0	0
Net cash from financing	(5,808)	(21,004)	(26,728)	23,009	3,209	3,484
Net change in cash						
Cash at the beginning of the year	82,013	76,308	112,626	146,535	162,179	205,345
Exchange difference	125	98	(186)	0	0	0
Cash at the end of the year	76,308	112,626	146,535	162,179	205,345	251,234
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	3.7%	6.8%	13.0%	7.1%	6.8%	5.0%
Gross profit	8.6%	15.1%	14.2%	7.0%	7.9%	5.5%
Operating profit	37.1%	49.0%	(94.1%)	492.4%	144.3%	28.2%
EBIT	122.5%	57.5%	(50.5%)	23.6%	52.4%	14.9%
Net profit	132.8%	71.1%	(52.5%)	22.6%	59.2%	9.8%
Adj. net profit	24.7%	35.9%	(43.5%)	7.7%	48.7%	9.0%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	14.7%	15.9%	16.0%	16.0%	16.2%	16.3%
Operating margin	2.5%	3.5%	0.2%	1.0%	2.3%	2.8%
Adj. net profit margin	3.2%	4.1%	2.1%	2.1%	2.9%	3.0%
Return on equity (ROE)	10.8%	17.5%	8.4%	10.0%	13.7%	12.9%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	(0.2)	(0.3)	(0.5)	(0.4)	(0.5)	(0.5)
Current ratio (x)	1.2	1.3	1.2	1.4	1.5	1.6
Receivable turnover days	6.9	7.2	7.4	7.6	7.7	7.8
Inventory turnover days	(28.8)	(29.5)	(30.7)	(33.7)	(36.6)	(36.9)
Payable turnover days	(64.5)	(67.2)	(63.3)	(58.7)	(57.2)	(57.6)
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	11.4	6.4	12.7	10.4	6.5	5.9
P/E (diluted)	11.5	6.5	13.3	10.9	6.8	6.2
P/B	1.2	1.1	1.1	1.0	0.8	0.7

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

Disclosures & Disclaimers

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CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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