

JD.com (JD US)

Facing high base, but remaining committed to shareholder return

For 4Q25E, we anticipate JD.com (JD) to post total revenue of RMB349.2bn, up 0.6% YoY, largely in line with Bloomberg consensus, and to report non-GAAP net profit of RMB484mn, down 96% YoY, due to: 1) YoY incremental investment in food delivery (FD) business; 2) additional user subsidies for the e-commerce business to stimulate consumption amid macro headwinds, on a high base of national subsidies in 4Q24. We are anticipating a 25% YoY decline in OP for JD Retail (JDR) to RMB7.6bn in 4Q25E, owing to incremental user subsidies. We have baked in OP loss of RMB14.5bn for new businesses segment in 4Q25E, (3Q25: loss of RMB15.7bn), among which we are looking for a narrowed QoQ loss from FD business to RMB10.4bn, aided by improvement in unit economics driven by optimization in user subsidies and improvement in operating efficiency, while partially offset by sequentially higher investment in other new businesses such as Jingxi and international business. We cut 2025 revenue/non-GAAP net income forecasts by 2/9% to factor in likely greater-than-we expected subsidies to drive e-commerce business development, and slower-than-expected loss reduction in food delivery business. Our target price has been lowered to US\$46.8, reflecting the combined impact of downward revisions to our earnings forecast and the roll-forward of our valuation period to 2026E. With US\$1.5bn in share repurchases completed in 4Q25 (and a total of US\$3.0bn for the full year 2025), we believe JD remains committed to enhancing shareholder returns. This could act as a catalyst for a valuation rerating once the market fully factors in the short-term headwinds from the high-base effect, in our view. Maintain BUY.

- **Revenue growth to slow further on a high base and macro headwinds.** For 4Q25E, against the high base of national subsidies in 4Q24, we forecast a 4.5% YoY decline in net product revenue (4Q24: +14.0%; 3Q25: +10.5%). We expect JD's net services revenue to grow 22.5% YoY in 4Q25E (3Q25: +30.8%), with marketplace and advertising revenue projected to rise 10.9% YoY.
- **Core JDR business to deliver healthy earnings growth in 2025.** For JDR, we forecast a 3.3% YoY decline in revenue and an OPM of 2.5% in 4Q25 (4Q24: 3.3%). The margin contraction is due to: 1) additional user subsidies for the e-commerce business to stimulate consumption, against the high base of national subsidies in 4Q24; and 2) a higher revenue contribution from general merchandise, which typically carries a lower operating margin.
- **Restarted share repurchase to enhance shareholder return.** JD announced (8 Jan) that it has repurchased a total of approximately 91.6mn ADSs for a total of approximately US\$3.0bn in 2025, which implied that it restarted share repurchase since the suspension announced in 1Q25 earnings call, and has repurchased US\$1.5bn worth of shares in 4Q25. JD should announce its annual dividend for 2025 in the coming earnings call in March 2026. The move to enhance shareholder return could serve as catalyst for stock price, in our view.

BUY (Maintain)

Target Price	US\$46.80
(Previous TP	US\$50.50)
Up/Downside	56.6%
Current Price	US\$29.88

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Stock Data	
Mkt Cap (US\$ mn)	45,955.4
Avg 3 mths t/o (US\$ mn)	277.2
52w High/Low (US\$)	45.21/28.39
Total Issued Shares (mn)	1538.0

Source: FactSet

Shareholding Structure

Max Smart Limited	9.6%
BlackRock	4.7%

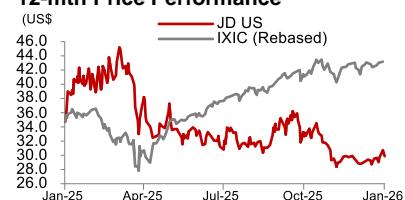
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	1.5%	-0.8%
3-mth	-8.7%	-13.3%
6-mth	-3.0%	-15.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,084,662	1,158,819	1,306,005	1,364,723	1,451,553
YoY growth (%)	3.7	6.8	12.7	4.5	6.4
Net profit (RMB mn)	24,167.0	41,359.0	21,540.9	23,848.7	36,115.6
Adjusted net profit (RMB mn)	35,200.0	47,827.0	26,432.0	28,815.6	40,935.9
EPS (Adjusted) (RMB)	22.17	31.07	17.19	18.74	26.62
Consensus EPS (RMB)	na	31.07	18.42	23.71	32.41
P/E (x)	13.6	7.5	14.5	13.1	8.6

Source: Company data, Bloomberg, CMBIGM estimates

Revision in financial forecast and valuation

Figure 1: JD: forecast revision

RMB bn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	1,306.0	1,364.7	1,451.6	1,327.1	1,419.0	1,503.6	-1.6%	-3.8%	-3.5%
Gross profit	207.9	218.5	231.7	214.7	229.6	243.1	-3.1%	-4.8%	-4.7%
Operating profit	4.8	14.2	32.2	13.8	29.5	46.9	-65.2%	-52.0%	-31.4%
Non-GAAP net profit	26.4	28.8	40.9	29.2	40.6	54.3	-9.3%	-29.0%	-24.6%
Gross margin	15.9%	16.0%	16.0%	16.2%	16.2%	16.2%	-0.3 ppt	-0.2 ppt	-0.2 ppt
OPM	0.4%	1.0%	2.2%	1.0%	2.1%	3.1%	-0.7 ppt	-1.0 ppt	-0.9 ppt
- JD Retail	4.4%	4.2%	4.3%	4.4%	4.4%	4.5%	-0.1 ppt	-0.2 ppt	-0.2 ppt
Non-GAAP net margin	2.0%	2.1%	2.8%	2.2%	2.9%	3.6%	-0.2 ppt	-0.7 ppt	-0.8 ppt

Source: CMBIGM estimates

Figure 2: JD: CMBI forecast vs consensus

RMB bn	Current			Consensus			Diff (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	1,306.0	1,364.7	1,451.6	1,316.7	1,392.9	1,471.1	-0.8%	-2.0%	-1.3%
Gross profit	207.9	218.5	231.7	208.8	221.6	237.3	-0.4%	-1.4%	-2.4%
Operating profit	4.8	14.2	32.2	5.7	22.1	38.3	-15.5%	-35.8%	-15.9%
Non-GAAP net profit	26.4	28.8	40.9	27.4	34.5	46.4	-3.5%	-16.6%	-11.9%
Gross margin	15.9%	16.0%	16.0%	15.9%	15.9%	16.1%	0.1 ppt	0.1 ppt	-0.2 ppt
Non-GAAP net margin	2.0%	2.1%	2.8%	2.1%	2.5%	3.2%	-0.1 ppt	-0.4 ppt	-0.3 ppt

Source: Bloomberg, CMBIGM estimates

DCF-based target price of US\$46.8

Our target price of US\$46.8 is derived from the DCF valuation methodology (WACC of 11.8% and terminal growth of 1.0%). We have fine-tuned our terminal growth rate assumption from 1.5% to 1.0% to reflect the increasing maturity of JD's business.

Figure 3: 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	1,365	1,452	1,521	1,577	1,623	1,661	1,692	1,718	1,738
NPV of FCF	192								
Discounted terminal value	194								
Total equity valuation	504								
No. of ADS (diluted, mn)	1,538								
Valuation per ADS (US\$)	46.8								
TP per ADS (US\$)	46.8								

Source: 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	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	1,046,236	1,084,662	1,158,819	1,306,005	1,364,723	1,451,553
Cost of goods sold	(899,163)	(924,958)	(974,951)	(1,098,094)	(1,146,258)	(1,219,895)
Gross profit	147,073	159,704	183,868	207,911	218,465	231,658
Operating expenses	(127,350)	(132,663)	(143,570)	(203,476)	(204,299)	(199,443)
Selling expense	(37,772)	(40,133)	(47,953)	(83,454)	(79,563)	(68,658)
Admin expense	(11,053)	(9,710)	(8,888)	(11,232)	(11,600)	(12,193)
R&D expense	(16,893)	(16,393)	(17,031)	(20,896)	(21,563)	(22,644)
Others	(61,632)	(66,427)	(69,698)	(87,894)	(91,573)	(95,948)
Operating profit	19,723	27,041	40,298	4,435	14,166	32,215
Other gains/(losses)	(1,555)	7,496	13,371	17,575	12,303	9,842
Share of (losses)/profits of associates/JV	(2,195)	1,010	2,327	7,254	7,254	7,254
EBIT	15,973	35,547	55,996	29,264	33,722	49,311
Interest income	(2,106)	(2,881)	(2,896)	(2,496)	(2,496)	(2,496)
Others	0	(1,016)	(1,562)	387	0	0
Pre-tax profit	13,867	31,650	51,538	27,155	31,226	46,815
Income tax	4,176	8,393	6,878	3,014	4,778	8,099
After tax profit	9,691	23,257	44,660	24,141	26,449	38,716
Minority interest	(697)	(910)	3,301	2,600	2,600	2,600
Discontinued operations	0	0	0	0	0	0
Others	(8)	0	0	0	0	0
Net profit	10,380	24,167	41,359	21,541	23,849	36,116
Adjusted net profit	28,220	35,200	47,827	26,432	28,816	40,936
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	351,074	307,810	386,698	420,965	453,725	505,827
Cash & equivalents	78,861	71,892	108,350	120,463	147,090	189,643
Restricted cash	6,254	7,506	7,366	7,366	7,366	7,366
Account receivables	20,576	20,302	25,596	28,625	29,912	31,815
Inventories	77,949	68,058	89,326	107,704	112,428	119,650
Prepayment	15,156	15,639	15,951	15,951	15,951	15,951
Other current assets	152,278	124,413	140,109	140,857	140,979	141,401
Non-current assets	244,176	321,148	311,536	321,886	330,929	339,194
PP&E	55,080	70,035	82,737	93,087	102,130	110,395
Right-of-use assets	22,267	20,863	24,532	24,532	24,532	24,532
Deferred income tax	1,536	1,744	2,459	2,459	2,459	2,459
Investment in JVs & assos	57,641	56,746	56,850	56,850	56,850	56,850
Intangibles	9,139	6,935	7,793	7,793	7,793	7,793
Goodwill	23,123	19,980	25,709	25,709	25,709	25,709
Other non-current assets	75,390	144,845	111,456	111,456	111,456	111,456
Total assets	595,250	628,958	698,234	742,851	784,654	845,020
Current liabilities	266,561	265,650	299,521	291,471	299,833	313,744
Short-term borrowings	12,146	5,034	7,581	7,581	7,581	7,581
Account payables	160,607	166,167	192,860	177,500	185,286	197,188
Tax payable	5,926	7,313	9,487	9,487	9,487	9,487
Other current liabilities	37,624	35,848	36,002	43,312	43,889	45,897
Lease liabilities	7,688	7,755	7,606	7,606	7,606	7,606
Accrued expenses	42,570	43,533	45,985	45,985	45,985	45,985
Non-current liabilities	54,566	66,928	85,416	112,233	114,687	118,095
Long-term borrowings	10,224	10,411	24,770	51,587	54,041	57,449
Deferred income	1,107	964	502	502	502	502
Other non-current liabilities	43,235	55,553	60,144	60,144	60,144	60,144
Total liabilities	321,127	332,578	384,937	403,704	414,520	431,840
Share capital	0	0	0	0	0	0
Capital surplus	213,366	231,858	239,347	246,527	253,665	260,597
Retained earnings	0	0	0	21,541	45,390	81,505
Other reserves	590	614	484	(2,387)	(2,387)	(2,387)
Total shareholders equity	213,956	232,472	239,831	265,681	296,668	339,715
Minority interest	60,167	63,908	73,466	73,466	73,466	73,466
Total equity and liabilities	595,250	628,958	698,234	742,851	784,654	845,020

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	13,867	31,650	51,538	27,155	31,226	46,815
Depreciation & amortization	7,236	8,292	8,904	9,988	10,845	11,437
Tax paid	(4,176)	(8,393)	(6,878)	(3,014)	(4,778)	(8,099)
Change in working capital	22,119	16,547	5,350	(30,205)	2,230	4,363
Others	18,773	11,425	(819)	4,799	4,538	4,331
Net cash from operations	57,819	59,521	58,095	8,723	44,062	58,846
Investing						
Capital expenditure	(38,165)	(15,050)	(16,950)	(20,338)	(19,888)	(19,702)
Acquisition of subsidiaries/ investments	(184,792)	(194,987)	(151,608)	0	0	0
Net proceeds from disposal of short-term investments	171,853	225,889	168,481	0	0	0
Others	(2,922)	(75,395)	(794)	0	0	0
Net cash from investing	(54,026)	(59,543)	(871)	(20,338)	(19,888)	(19,702)
Financing						
Net borrowings	7,027	1,562	13,113	26,817	2,454	3,409
Proceeds from share issues	(5,847)	(7,370)	(34,117)	0	0	0
Others	0	0	0	0	0	0
Net cash from financing	1,180	(5,808)	(21,004)	26,817	2,454	3,409
Net change in cash						
Cash at the beginning of the year	73,550	82,013	76,308	112,626	127,829	154,456
Exchange difference	3,490	125	98	0	0	0
Cash at the end of the year	82,013	76,308	112,626	127,829	154,456	197,009

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

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