14 Aug 2026

CMB International Global Markets | Equity Research | Company Update

招银国际 CMB INTERNATIONAL

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JD.com (JD US)

Driving continued operating efficiency improvement

JD.com (JD) reported better-than-feared 2Q26 results on 13 Aug. Revenue reached RMB346.4bn, down 2.9% YoY (1Q26: +4.9%), 2% ahead of our forecast and in line with Visible Alpha (VA) consensus. Non-GAAP net profit was RMB8.9bn, up 20.8% YoY and 14%/12% ahead of our forecast/consensus, driven by better-than-feared operating profit from JD Retail (JDR) and narrower-than-expected operating losses from new businesses. Operating loss from new businesses was RMB9.9bn in 2Q26 (vs. RMB14.8bn in 2Q25), 8% better than consensus, with management highlighting a >50% YoY reduction in losses from the food delivery (FD) business. Coming off a high base, JD noted that YoY revenue growth improved in Jul compared with Jun and 2Q26, and reiterated its focus on continued operating efficiency improvement amid macro uncertainties. We continue to forecast 5% YoY OP growth for JDR in 2026E and a >30% YoY reduction in FD losses, which together should drive 18% YoY growth in group-level non-GAAP net profit. We lift our DCF-based TP to US$48.3 (was US$47.5), implying 11.7x 2027E non-GAAP PE. Greater visibility on group-level earnings growth and shareholder returns remains a key share price driver, in our view. Maintain BUY.

- **Expecting a sequential recovery in YoY revenue growth and stable YoY OPM for JDR in 3Q26E.** JDR recorded revenue of RMB295.4bn in 2Q26, down 4.7% YoY (1Q26: +1.8%), 2%/1% ahead of our forecast/VA consensus, while operating profit reached RMB13.5bn, down 3.3% YoY. Operating margin expanded 0.1ppt YoY to 4.6%, driven by gross margin expansion and optimization of sales and marketing expenses. For 3Q26E, we expect YoY revenue growth to recover sequentially as the high-base effect dissipates, while OPM should remain broadly stable YoY, supported by JD's continued focus on operating efficiency. We forecast JDR revenue to grow 3% YoY and OPM to remain at 5.9% in 3Q26E.
- **Revenue growth to recover across business lines in 3Q26E.** In 2Q26, within net product revenue, electronics and home appliances (E&HA) revenue declined 11.8% YoY (1Q26: -8.4%), while general merchandise revenue increased 5.6% YoY (1Q26: +14.9%). Within net services revenue, marketplace and advertising revenue rose 8.3% YoY (1Q26: +18.8%). For 3Q26E, we expect JD's total revenue to grow 4.0% YoY, driven by 2.5% YoY growth in net product revenue and an 8.6% YoY increase in net services revenue.
- **Expecting FD losses to halve YoY in 3Q26E.** Operating loss from new businesses was RMB9.9bn in 2Q26, narrowing from RMB10.4bn in 1Q26, mainly due to the reduced losses in the FD business. The improvement was supported by more disciplined user subsidies, higher operating efficiency, a better order mix, and increased commission and advertising revenue. We expect FD losses to halve YoY to RMB6.6bn in 3Q26E.
- **Update on shareholder returns.** In 2Q26/1H26, JD repurchased approximately 25.4mn/69.9mn Class A ordinary shares at a total consideration of US$0.4bn/US$1.0bn. Shares repurchased in 1H26 represented c.2.5% of JD's ordinary shares outstanding as of end-2025. As of 30 Jun 2026, the remaining authorization under JD's share repurchase program, which is valid through Aug 2027, stood at US$1.0bn.

BUY (Maintain)

Target Price	**US$48.30**
(Previous TP	US$47.50)
Up/Downside	**64.8%**
Current Price	**US$29.30**

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Stock Data

Mkt Cap (US$ mn)	42,973.3
Avg 3 mths t/o (US$ mn)	89.9
52w High/Low (US$)	36.17/25.19
Total Issued Shares (mn)	1466.7

Source: FactSet

Shareholding Structure

Blackrock	5.5%
Vanguard	4.8%

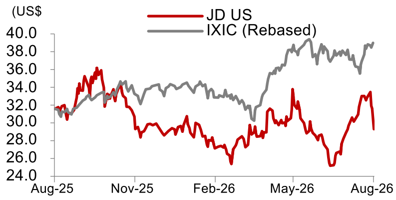
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	1.6%	-1.0%
3-mth	-10.8%	-11.4%
6-mth	8.0%	-9.2%

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	1,355,397	1,430,115	1,487,828
YoY growth (%)	6.8	13.0	3.5	5.5	4.0
Net profit (RMB mn)	41,359.0	19,631.0	25,215.9	37,229.7	43,903.1
Adjusted net profit (RMB mn)	47,827.0	27,032.0	31,804.3	41,854.9	48,641.0
EPS (Adjusted) (RMB)	31.07	17.02	21.68	28.76	33.55
P/E (x)	7.1	14.3	11.0	7.4	6.2

Source: Company data, Bloomberg, CMBIGM estimates

Business forecasts update and valuation

Figure 1: JD: quarterly financial results

(RMBbn)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	2Q26E Consensus	Diff%	2Q26 CMBI estimates	Diff%
Revenue breakdown by product and services revenue										
Net product revenues	**242.3**	**282.4**	**226.1**	**273.0**	**244.8**	**267.1**	**264.3**	**1.1%**	**260.0**	**2.7%**
YoY growth (%)	*16.2%*	*20.7%*	*10.5%*	*-2.8%*	*1.0%*	*-5.4%*				
Electronics and home appliance revenues	144.3	179.0	128.6	153.3	132.2	157.9	155.3	**1.7%**	150.3	**5.0%**
YoY growth (%)	*17.1%*	*23.4%*	*4.9%*	*-12.0%*	*-8.4%*	*-11.8%*				
General merchandise revenues	98.0	103.4	97.5	119.7	112.6	109.2	109.0	**0.2%**	109.6	**-0.4%**
YoY growth (%)	*14.9%*	*16.4%*	*18.8%*	*12.1%*	*14.9%*	*5.6%*				
Net services revenues	**58.8**	**74.2**	**73.0**	**79.3**	**70.9**	**79.3**	**81.5**	**-2.7%**	**81.4**	**-2.6%**
YoY growth (%)	*14.0%*	*29.1%*	*30.8%*	*20.1%*	*20.6%*	*6.8%*				
Marketplace and advertising revenues	22.3	28.5	25.7	30.6	26.5	30.9	31.0	**-0.3%**	31.1	**-0.7%**
YoY growth (%)	*15.7%*	*21.7%*	*23.7%*	*15.0%*	*18.8%*	*8.3%*				
Logistics and other service revenues	36.5	45.7	47.3	48.7	44.4	48.4	50.5	**-4.1%**	50.3	**-3.8%**
YoY growth (%)	*13.0%*	*34.3%*	*35.0%*	*23.6%*	*21.7%*	*5.9%*				
Revenue breakdown by business segments										
JD Retail	**263.8**	**310.1**	**250.6**	**301.9**	**268.6**	**295.4**	**293.4**	0.7%	**290.3**	1.8%
YoY growth (%)	*16.3%*	*20.6%*	*11.4%*	*-1.7%*	*1.8%*	*-4.7%*				
JD Logistics	**47.0**	**51.6**	**55.1**	**63.5**	**60.6**	**64.1**				
YoY growth (%)	*11.5%*	*16.6%*	*24.1%*	*21.9%*	*29.0%*	*24.3%*				
New businesses (including Dada)	**5.8**	**13.9**	**15.6**	**14.1**	**6.3**	**7.3**				
YoY growth (%)	*18.1%*	*198.8%*	*213.7%*	*200.9%*	*9.1%*	*-47.6%*				
Intersegment elimination	**-15.5**	**-18.8**	**-22.2**	**-27.2**	**-19.8**	**-20.3**				
Total revenue	**301.1**	**356.7**	**299.1**	**352.3**	**315.7**	**346.4**	**345.8**	**0.2%**	**341.4**	**1.5%**
YoY growth (%)	*15.8%*	*22.4%*	*14.9%*	*1.5%*	*4.9%*	*-2.9%*				
Gross profit	47.8	56.6	50.5	55.1	53.0	59.3	56.8	4.4%	57.3	3.4%
Operating profit	10.5	-0.9	-1.1	-5.8	3.8	4.5	4.0	12.4%	1.9	142.4%
JD Retail OP	**12.8**	**13.9**	**14.8**	**9.8**	**15.0**	**13.5**	**13.1**	**3.2%**	**13.1**	**3.2%**
YoY growth (%)	*37.8%*	*37.9%*	*27.7%*	*-2.5%*	*16.5%*	*-3.3%*				
New businesses (including Dada)	-1.3	-14.8	-15.7	-14.8	-10.4	-9.9	-10.7	-8.3%	-10.2	-3.4%
Non-GAAP net profit	**12.8**	**7.4**	**5.8**	**1.1**	**7.4**	**8.9**	**8.0**	**12.2%**	**7.8**	**14.4%**
YoY growth (%)	*43.4%*	*-48.9%*	*-56.0%*	*-90.4%*	*-42.2%*	*20.8%*				
Margin profile										
GPM (%)	15.9%	15.9%	16.9%	15.6%	16.8%	17.1%	16.4%	0.7 ppt	16.8%	0.3 ppt
OPM (%)	3.5%	-0.2%	-0.4%	-1.7%	1.2%	1.3%	1.2%	0.1 ppt	0.5%	0.8 ppt
JD Retail	**4.9%**	**4.5%**	**5.9%**	**3.2%**	**5.6%**	**4.6%**	**4.5%**	**0.1 ppt**	**4.5%**	**0.1 ppt**
Adjusted NPM (%)	4.2%	2.1%	1.9%	0.3%	2.3%	2.6%	2.3%	0.3 ppt	2.3%	0.3 ppt

Source: VA, Company data, CMBIGM estimates

Figure 2: JD: forecast revision

	Current			Previous			Change (%)		
RMB bn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,355.4	1,430.1	1,487.8	1,372.3	1,455.4	1,520.0	-1.2%	-1.7%	-2.1%
Gross profit	230.8	248.2	261.5	232.4	250.7	265.3	-0.7%	-1.0%	-1.4%
Non-GAAP net profit	31.8	41.9	48.6	31.2	41.8	49.1	1.9%	0.2%	-0.9%
Gross margin	17.0%	17.4%	17.6%	16.9%	17.2%	17.5%	0.1 ppt	0.1 ppt	0.1 ppt
Non-GAAP net margin	2.3%	2.9%	3.3%	2.3%	2.9%	3.2%	0.1 ppt	0.1 ppt	0.0 ppt

Source: CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

	Current			Consensus			Diff (%)		
RMB bn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,355.4	1,430.1	1,487.8	1,366.1	1,455.9	1,532.2	-0.8%	-1.8%	-2.9%
Gross profit	230.8	248.2	261.5	225.2	244.0	259.9	2.5%	1.7%	0.6%
Non-GAAP net profit	31.8	41.9	48.6	31.7	40.8	48.2	0.3%	2.6%	1.0%
Gross margin	17.0%	17.4%	17.6%	16.5%	16.8%	17.0%	0.5 ppt	0.6 ppt	0.6 ppt
Non-GAAP net margin	2.3%	2.9%	3.3%	2.3%	2.8%	3.1%	0.0 ppt	0.1 ppt	0.1 ppt

Source: Bloomberg, CMBIGM estimates

DCF-based target price of US$48.3

Our target price of US$48.3 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	1,355	1,430	1,488	1,534	1,572	1,602	1,626	1,646	1,662
NPV of FCF	169								
Discounted terminal value	195								
Total equity valuation	496								
No. of ADS (diluted, mn)	1,467								
Valuation per ADS (US$)	48.3								
TP per ADSs (US$)	48.3								

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	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**1,084,662**	**1,158,819**	**1,309,085**	**1,355,397**	**1,430,115**	**1,487,828**
Cost of goods sold	(924,958)	(974,951)	(1,099,057)	(1,124,592)	(1,181,871)	(1,226,353)
Gross profit	**159,704**	**183,868**	**210,028**	**230,805**	**248,244**	**261,476**
Operating expenses	**(132,663)**	**(143,570)**	**(207,641)**	**(214,288)**	**(215,947)**	**(214,991)**
Selling expense	(40,133)	(47,953)	(83,953)	(71,565)	(67,215)	(62,042)
Admin expense	(9,710)	(8,888)	(11,980)	(13,283)	(13,872)	(14,283)
R&D expense	(16,393)	(17,031)	(22,229)	(30,496)	(31,892)	(33,030)
Others	(66,427)	(69,698)	(89,479)	(98,944)	(102,968)	(105,636)
Operating profit	**27,041**	**40,298**	**2,387**	**16,517**	**32,297**	**46,484**
Other gains/(losses)	7,496	13,371	17,327	12,954	12,954	10,363
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**	**37,496**	**53,275**	**64,872**
Interest income	(2,881)	(2,896)	(2,803)	(2,803)	(2,803)	(2,803)
Others	(1,016)	(1,562)	387	404	0	0
Pre-tax profit	**31,650**	**51,538**	**25,323**	**35,097**	**50,472**	**62,069**
Income tax	8,393	6,878	2,181	5,370	8,732	13,655
After tax profit	**23,257**	**44,660**	**23,142**	**29,727**	**41,741**	**48,414**
Minority interest	(910)	3,301	3,511	4,511	4,511	4,511
Discontinued operations	0	0	0	0	0	0
Others	0	0	0	0	0	0
Net profit	**24,167**	**41,359**	**19,631**	**25,216**	**37,230**	**43,903**
Adjusted net profit	**35,200**	**47,827**	**27,032**	**31,804**	**41,855**	**48,641**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**307,810**	**386,698**	**374,421**	**412,892**	**464,001**	**519,444**
Cash & equivalents	71,892	108,350	137,488	150,134	193,254	242,483
Restricted cash	7,506	7,366	12,137	12,137	12,137	12,137
Account receivables	20,302	25,596	27,333	29,707	31,345	32,610
Inventories	68,058	89,326	95,428	116,465	122,396	127,003
Prepayment	15,639	15,951	17,898	17,898	17,898	17,898
Other current assets	124,413	140,109	84,137	86,551	86,971	87,313
Non-current assets	**321,148**	**311,536**	**320,780**	**330,637**	**339,622**	**349,082**
PP&E	70,035	82,737	91,349	101,206	110,191	119,651
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**	**743,529**	**803,623**	**868,526**
Current liabilities	**265,650**	**299,521**	**306,072**	**300,573**	**311,698**	**320,410**
Short-term borrowings	5,034	7,581	8,014	8,014	8,014	8,014
Account payables	166,167	192,860	188,379	181,783	191,042	198,232
Tax payable	7,313	9,487	7,008	7,008	7,008	7,008
Other current liabilities	35,848	36,002	43,227	44,323	46,190	47,712
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**	**117,108**	**120,345**	**124,060**
Long-term borrowings	10,411	24,770	20,798	43,866	47,104	50,818
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**	**417,681**	**432,043**	**444,470**
Share capital	0	0	0	0	0	0
Capital surplus	231,858	239,347	225,040	231,890	240,391	248,964
Retained earnings	0	0	0	25,216	62,446	106,349
Other reserves	614	484	0	0	0	0
Total shareholders equity	**232,472**	**239,831**	**225,040**	**257,105**	**302,837**	**355,312**
Minority interest	63,908	73,466	68,743	68,743	68,743	68,743
Total equity and liabilities	**628,958**	**698,234**	**695,201**	**743,529**	**803,623**	**868,526**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**31,650**	**51,538**	**25,323**	**35,097**	**50,472**	**62,069**
Depreciation & amortization	8,292	8,904	9,747	9,895	10,425	10,734
Tax paid	(8,393)	(6,878)	(2,181)	(5,370)	(8,732)	(13,655)
Change in working capital	16,547	5,350	(6,923)	(31,324)	3,136	2,498
Others	11,425	(819)	(6,975)	4,122	3,990	4,062
Net cash from operations	**59,521**	**58,095**	**18,991**	**12,420**	**59,292**	**65,708**
Investing						
Capital expenditure	(15,050)	(16,950)	(14,520)	(19,752)	(19,411)	(20,194)
Acquisition of subsidiaries/ investments	(194,987)	(151,608)	(81,188)	0	0	0
Net proceeds from disposal of short-term investments	225,889	168,481	139,402	0	0	0
Others	(75,395)	(794)	(1,862)	0	0	0
Net cash from investing	**(59,543)**	**(871)**	**41,832**	**(19,752)**	**(19,411)**	**(20,194)**
Financing						
Net borrowings	1,562	13,113	2,398	23,068	3,237	3,715
Proceeds from share issues	(7,370)	(34,117)	(29,126)	0	0	0
Others	0	0	0	0	0	0
Net cash from financing	**(5,808)**	**(21,004)**	**(26,728)**	**23,068**	**3,237**	**3,715**
Net change in cash						
Cash at the beginning of the year	82,013	76,308	112,626	146,535	162,271	205,391
Exchange difference	125	98	(186)	0	0	0
Cash at the end of the year	**76,308**	**112,626**	**146,535**	**162,271**	**205,391**	**254,620**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	3.7%	6.8%	13.0%	3.5%	5.5%	4.0%
Gross profit	8.6%	15.1%	14.2%	9.9%	7.6%	5.3%
Operating profit	37.1%	49.0%	(94.1%)	592.0%	95.5%	43.9%
EBIT	122.5%	57.5%	(50.5%)	35.2%	42.1%	21.8%
Net profit	132.8%	71.1%	(52.5%)	28.4%	47.6%	17.9%
Adj. net profit	24.7%	35.9%	(43.5%)	17.7%	31.6%	16.2%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	14.7%	15.9%	16.0%	17.0%	17.4%	17.6%
Operating margin	2.5%	3.5%	0.2%	1.2%	2.3%	3.1%
Adj. net profit margin	3.2%	4.1%	2.1%	2.3%	2.9%	3.3%
Return on equity (ROE)	10.8%	17.5%	8.4%	10.5%	13.3%	13.3%

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	7.7	7.8	7.8
Inventory turnover days	(28.8)	(29.5)	(30.7)	(34.4)	(36.9)	(37.1)
Payable turnover days	(64.5)	(67.2)	(63.3)	(60.1)	(57.6)	(57.9)

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	12.9	7.1	14.3	11.0	7.4	6.2
P/E (diluted)	13.0	7.3	15.0	11.5	7.7	6.5
P/B	1.3	1.2	1.3	1.1	0.9	0.8

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

Disclosures & Disclaimers

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