14 Jul 2026

CMB International Global Markets | Equity Research | Company Update

JD.com (JD US)

Expecting better-than-feared 2Q26 results

For 2Q26E, we expect JD.com (JD) to report total revenue of RMB341.4bn, down 4.3% YoY, mainly due to a high base and soft consumption sentiment — broadly in line with Visible Alpha (VA) consensus — and non-GAAP net profit of RMB7.8bn, up 6% YoY on narrowing losses in the food delivery (FD) business, 2% ahead of consensus. We estimate the operating loss from new businesses segment will be largely stable QoQ at RMB10.2bn in 2Q26E; within this, we expect the FD business to halve its operating loss YoY to RMB6.1bn, while losses from other new business initiatives should widen slightly QoQ on incremental investment to support the expansion of Jingxi and the international rollout of Joybuy. We trim our 2026E revenue forecast by 2% to factor in greater-than-expected macro headwinds, while raising our non-GAAP net profit forecast by 1% to reflect a better-than-expected loss reduction trajectory in the FD business and stronger-than-expected operating efficiency gains in the core JD Retail (JDR) business. Greater visibility on group-level earnings growth, along with enhancement in shareholder returns, remains the key share price driver, in our view. Maintain BUY, with our DCF-based TP unchanged at US$47.5.

- **Expecting near-term revenue growth headwinds on a high base.** We forecast total revenue of RMB341.4bn in 2Q26E, down 4.3% YoY, comprising 9.6% YoY growth in net services revenue, offset by a 7.9% YoY decline in net product revenue on the high-base effect from the national subsidy program. Within net services revenue, we expect YoY growth in marketplace and advertising revenue to decelerate QoQ to 9.0% in 2Q26E (1Q26: 18.8%) on a high base. That said, we note the YoY decline in net product revenue improved in June relative to April and May 2026, which in our view should drive a recovery in revenue growth in 3Q26E; we forecast total revenue growth to recover to 4.9% YoY in 3Q26E.
- **Expecting YoY stable margin trend for JDR despite revenue headwind.** Owing to the high base, we expect JDR revenue to decline 6.4% YoY in 2Q26E. However, we look for a YoY-stable OPM of 4.5%, underpinned by operating efficiency improvements. Our 2Q26E JDR OP forecast of RMB13.1bn is 1% ahead of consensus.
- **FD business loss reduction likely in line with our expectation.** We expect the FD operating loss to narrow to RMB6.1bn in 2Q26E, from RMB13.3bn in 2Q25 and RMB7.0bn in 1Q26 (our estimate), driven by optimization of user subsidies, improved operating efficiency, a better order mix, and higher commission and advertising revenue. We currently forecast the FD loss to narrow to RMB25.0bn in 2026E from RMB36.9bn in 2025E, and the overall operating loss from new businesses to narrow to RMB41.2bn in 2026E (2025: RMB46.6bn).

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	1,158,819	1,309,085	1,372,343	1,455,423	1,519,967
YoY growth (%)	6.8	13.0	4.8	6.1	4.4
Net profit (RMB mn)	41,359.0	19,631.0	24,805.0	36,697.5	43,830.1
Adjusted net profit (RMB mn)	47,827.0	27,032.0	31,211.1	41,791.3	49,080.0
EPS (Adjusted) (RMB)	31.07	17.02	20.96	28.07	32.96
Consensus EPS (RMB)	31.07	17.82	21.89	28.45	34.06
P/E (x)	7.1	14.2	11.2	7.6	6.4

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$47.50**
Up/Downside	**64.5%**
Current Price	**US$28.88**

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Stock Data

Mkt Cap (US$ mn)	43,002.3
Avg 3 mths t/o (US$ mn)	118.4
52w High/Low (US$)	36.17/25.19
Total Issued Shares (mn)	1489.0

Source: FactSet

Shareholding Structure

JP Morgan	12.3%
Blackrock	5.2%

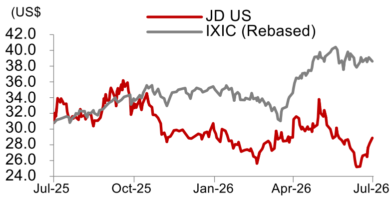
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	1.1%	1.2%
3-mth	-7.6%	-15.6%
6-mth	-3.2%	-12.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Revision in financial forecast and valuation

Figure 1: JD: forecast revision

	Current			Previous			Change (%)		
RMB bn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,372.3	1,455.4	1,520.0	1,395.9	1,492.6	1,568.7	-1.7%	-2.5%	-3.1%
Gross profit	232.4	250.7	265.3	236.7	257.9	274.8	-1.8%	-2.8%	-3.5%
Operating profit	11.2	29.6	44.3	10.7	29.4	44.5	5.1%	1.0%	-0.5%
Non-GAAP net profit	31.2	41.8	49.1	30.8	41.7	49.4	1.2%	0.3%	-0.7%
Gross Margin	16.9%	17.2%	17.5%	17.0%	17.3%	17.5%	0.0 ppt	0.0 ppt	-0.1 ppt
OPM	0.8%	2.0%	2.9%	0.8%	2.0%	2.8%	0.1 ppt	0.1 ppt	0.1 ppt
- JD Retail	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%	0.1 ppt	0.0 ppt	0.1 ppt
Non-GAAP net margin	2.3%	2.9%	3.2%	2.2%	2.8%	3.1%	0.1 ppt	0.1 ppt	0.1 ppt

Source: CMBIGM estimates

Figure 2: JD: CMBI forecast vs consensus

	Current			Consensus			Diff (%)		
RMB bn	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	1,372.3	1,455.4	1,520.0	1,385.7	1,472.0	1,550.7	-1.0%	-1.1%	-2.0%
Gross profit	232.4	250.7	265.3	225.4	244.5	262.9	3.1%	2.6%	0.9%
Non-GAAP net profit	31.2	41.8	49.1	31.1	41.3	49.0	0.4%	1.1%	0.1%
Gross margin	16.9%	17.2%	17.5%	16.3%	16.6%	17.0%	0.7 ppt	0.6 ppt	0.5 ppt
Non-GAAP net margin	2.3%	2.9%	3.2%	2.2%	2.8%	3.2%	0.0 ppt	0.1 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), translating into 16x/12x 2026/2027E.

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	1,372	1,455	1,520	1,572	1,614	1,649	1,677	1,699	1,717
NPV of FCF	161								
Discounted terminal value	203								
Total equity valuation	495								
No. of ADS (diluted, mn)	1,489								
Valuation per ADS (US$)	47.5								
TP per ADS (US$)	47.5								

Source: Bloomberg, CMBIGM estimates

Risks

1) Consumption recovery takes longer than we expect; 2) more intensified-than-expected business competition.

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**	**1,372,343**	**1,455,423**	**1,519,967**
Cost of goods sold	(924,958)	(974,951)	(1,099,057)	(1,139,907)	(1,204,701)	(1,254,684)
Gross profit	**159,704**	**183,868**	**210,028**	**232,436**	**250,722**	**265,283**
Operating expenses	**(132,663)**	**(143,570)**	**(207,641)**	**(221,222)**	**(221,079)**	**(221,003)**
Selling expense	(40,133)	(47,953)	(83,953)	(76,851)	(69,860)	(65,055)
Admin expense	(9,710)	(8,888)	(11,980)	(13,723)	(14,409)	(14,896)
R&D expense	(16,393)	(17,031)	(22,229)	(30,192)	(31,728)	(32,831)
Others	(66,427)	(69,698)	(89,479)	(100,455)	(105,082)	(108,222)
Operating profit	**27,041**	**40,298**	**2,387**	**11,214**	**29,644**	**44,280**
Other gains/(losses)	7,496	13,371	17,327	16,287	13,030	10,424
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**	**35,527**	**50,698**	**62,729**
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**	**32,724**	**47,895**	**59,926**
Income tax	8,393	6,878	2,181	5,007	8,286	13,184
After tax profit	**23,257**	**44,660**	**23,142**	**27,717**	**39,610**	**46,742**
Minority interest	(910)	3,301	3,511	2,912	2,912	2,912
Discontinued operations	0	0	0	0	0	0
Others	0	0	0	0	0	0
Net profit	**24,167**	**41,359**	**19,631**	**24,805**	**36,698**	**43,830**
Adjusted net profit	**35,200**	**47,827**	**27,032**	**31,211**	**41,791**	**49,080**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**307,810**	**386,698**	**374,421**	**413,953**	**464,435**	**519,389**
Cash & equivalents	71,892	108,350	137,488	149,159	190,660	238,653
Restricted cash	7,506	7,366	12,137	12,137	12,137	12,137
Account receivables	20,302	25,596	27,333	30,079	31,900	33,314
Inventories	68,058	89,326	95,428	118,051	124,761	129,937
Prepayment	15,639	15,951	17,898	17,898	17,898	17,898
Other current assets	124,413	140,109	84,137	86,629	87,080	87,450
Non-current assets	**321,148**	**311,536**	**320,780**	**330,875**	**340,175**	**350,021**
PP&E	70,035	82,737	91,349	101,444	110,744	120,590
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**	**744,828**	**804,610**	**869,410**
Current liabilities	**265,650**	**299,521**	**306,072**	**303,397**	**315,873**	**325,597**
Short-term borrowings	5,034	7,581	8,014	8,014	8,014	8,014
Account payables	166,167	192,860	188,379	184,259	194,732	202,812
Tax payable	7,313	9,487	7,008	7,008	7,008	7,008
Other current liabilities	35,848	36,002	43,227	44,673	46,674	48,320
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**	**117,007**	**120,135**	**123,776**
Long-term borrowings	10,411	24,770	20,798	43,765	46,893	50,534
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**	**420,405**	**436,007**	**449,373**
Share capital	0	0	0	0	0	0
Capital surplus	231,858	239,347	225,040	230,875	238,357	245,961
Retained earnings	0	0	0	24,805	61,502	105,333
Other reserves	614	484	0	0	0	0
Total shareholders equity	**232,472**	**239,831**	**225,040**	**255,680**	**299,860**	**351,293**
Minority interest	63,908	73,466	68,743	68,743	68,743	68,743
Total equity and liabilities	**628,958**	**698,234**	**695,201**	**744,828**	**804,610**	**869,410**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**31,650**	**51,538**	**25,323**	**32,724**	**47,895**	**59,926**
Depreciation & amortization	8,292	8,904	9,747	9,904	10,454	10,784
Tax paid	(8,393)	(6,878)	(2,181)	(5,007)	(8,286)	(13,184)
Change in working capital	16,547	5,350	(6,923)	(30,535)	3,494	2,764
Others	11,425	(819)	(6,975)	4,707	4,570	4,692
Net cash from operations	**59,521**	**58,095**	**18,991**	**11,793**	**58,127**	**64,982**
Investing						
Capital expenditure	(15,050)	(16,950)	(14,520)	(19,999)	(19,754)	(20,630)
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**	**(19,999)**	**(19,754)**	**(20,630)**
Financing						
Net borrowings	1,562	13,113	2,398	22,967	3,128	3,641
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)**	**22,967**	**3,128**	**3,641**
Net change in cash						
Cash at the beginning of the year	82,013	76,308	112,626	146,535	161,296	202,797
Exchange difference	125	98	(186)	0	0	0
Cash at the end of the year	**76,308**	**112,626**	**146,535**	**161,296**	**202,797**	**250,790**

GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	3.7%	6.8%	13.0%	4.8%	6.1%	4.4%
Gross profit	8.6%	15.1%	14.2%	10.7%	7.9%	5.8%
Operating profit	37.1%	49.0%	(94.1%)	369.8%	164.3%	49.4%
EBIT	122.5%	57.5%	(50.5%)	28.1%	42.7%	23.7%
Net profit	132.8%	71.1%	(52.5%)	26.4%	47.9%	19.4%
Adj. net profit	24.7%	35.9%	(43.5%)	15.5%	33.9%	17.4%

PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	14.7%	15.9%	16.0%	16.9%	17.2%	17.5%
Operating margin	2.5%	3.5%	0.2%	0.8%	2.0%	2.9%
Adj. net profit margin	3.2%	4.1%	2.1%	2.3%	2.9%	3.2%
Return on equity (ROE)	10.8%	17.5%	8.4%	10.3%	13.2%	13.5%

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	7.8	7.8
Inventory turnover days	(28.8)	(29.5)	(30.7)	(34.2)	(36.8)	(37.0)
Payable turnover days	(64.5)	(67.2)	(63.3)	(59.7)	(57.4)	(57.8)

VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	12.7	7.1	14.2	11.2	7.6	6.4
P/E (diluted)	12.8	7.3	14.9	11.8	7.9	6.7
P/B	1.3	1.2	1.2	1.1	0.9	0.8

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

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