

JD.com (JD US)

1Q26 preview: expecting upbeat results driven by food delivery loss reduction and core JDR

For 1Q26E, we anticipate JD.com (JD) to post total revenue of RMB310.6bn, up 3.2% YoY, in line with Bloomberg consensus, and to report non-GAAP net profit of RMB5.9bn, down 54% YoY due to investments in the food delivery (FD) business and international expansion. However, our forecast on non-GAAP NP is above consensus at RMB5.1bn, driven by better-than-expected QoQ loss reduction in FD and stronger-than-expected performance in the core JD Retail business, aided by operating efficiency improvements. For 1Q26E, we estimate JD Retail OP to increase by 3% YoY to RMB13.2bn, and FD operating loss to narrow to RMB7.0bn (4Q25: CMBI estimates of RMB10.5bn loss). We maintain our 2026E revenue forecast largely unchanged, while raising our non-GAAP net profit forecast by 4% to reflect a better-than-expected loss reduction trajectory for the FD business, driven by easing industry competition. We continue to expect 5% YoY growth in both revenue and OP for the core JDR business in 2026E. Greater visibility on group-level earnings growth, as well as shareholder returns, remain key stock price drivers, in our view. Maintain BUY, with our DCF-based TP unchanged at US\$47.5.

- QoQ recovery in revenue growth in line with our expectation.** Supported by a slight QoQ recovery in consumption sentiment, we forecast total revenue growth of 3.2% YoY (4Q25: 1.5%) for 1Q26E, driven by 18.9% YoY growth in net services revenue, partially offset by a 0.7% YoY decline in net product revenue. In 1Q26E, we expect a slight QoQ acceleration in YoY growth of marketplace and advertising revenue to 15.4% (4Q25: 15.0%), driven by optimization of platform ecosystem. We also anticipate healthy YoY growth of 12.8% in general merchandise revenue (4Q25: 12.1%).
- Core JDR business to deliver better-than-expected OP growth.** For JDR, despite facing a high base in the electronics and home appliance categories, we forecast revenue growth of 0.6% YoY to RMB265.4bn, supported by solid performance in both general merchandise and marketplace and advertising revenue. We expect OPM of 5.0% in 1Q26E (1Q25: 4.9%), driven by operating efficiency improvements and scale effects. Our OP forecast of RMB13.2bn for JDR is above consensus of RMB12.5bn.
- FD business loss reduction likely better than expected.** We expect FD operating loss to narrow to RMB7.0bn in 1Q26E, from RMB13.1bn/RMB10.5bn in 3Q25/4Q25 based on our estimate, driven by optimization in user subsidies, improved operating efficiency, better order mix, and increased commission and advertising revenue generation.

Earnings Summary

| (YE 31 Dec) | FY24A | FY25A | FY26E | FY27E | FY28E |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue (RMB mn) | 1,158,819 | 1,309,085 | 1,403,338 | 1,498,988 | 1,574,398 |
| YoY growth (%) | 6.8 | 13.0 | 7.2 | 6.8 | 5.0 |
| Net profit (RMB mn) | 41,359.0 | 19,631.0 | 25,298.5 | 36,946.6 | 43,456.8 |
| Adjusted net profit (RMB mn) | 47,827.0 | 27,032.0 | 30,350.8 | 41,928.6 | 48,587.0 |
| EPS (Adjusted) (RMB) | 31.07 | 17.02 | 20.38 | 28.16 | 32.63 |
| Consensus EPS (RMB) | 31.07 | 17.82 | 20.41 | 27.74 | 32.62 |
| P/E (x) | 7.7 | 15.4 | 12.0 | 8.2 | 7.0 |

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **US\$47.50**
 Up/Downside **52.0%**
 Current Price **US\$31.25**

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Stock Data

| | |
|--------------------------|-------------|
| Mkt Cap (US\$ mn) | 46,531.3 |
| Avg 3 mths t/o (US\$ mn) | 217.2 |
| 52w High/Low (US\$) | 37.25/25.40 |
| Total Issued Shares (mn) | 1489.0 |

Source: FactSet

Shareholding Structure

| | |
|-------------------|------|
| Max Smart Limited | 9.6% |
| BlackRock | 4.7% |

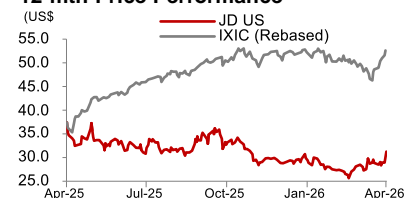
Source: HKEx

Share Performance

| | Absolute | Relative |
|-------|----------|----------|
| 1-mth | 10.3% | 3.2% |
| 3-mth | 6.3% | 5.8% |
| 6-mth | -5.7% | -9.6% |

Source: FactSet

12-mth Price Performance



Source: FactSet

Revision in financial forecast and valuation

Figure 1: JD: forecast revision

| RMB bn | Current | | | Previous | | | Change (%) | | |
|---------------------|---------|---------|---------|----------|---------|---------|------------|----------|---------|
| | 2026E | 2027E | 2028E | 2026E | 2027E | 2028E | 2026E | 2027E | 2028E |
| Revenue | 1,403.3 | 1,499.0 | 1,574.4 | 1,402.3 | 1,497.1 | 1,571.9 | 0.1% | 0.1% | 0.2% |
| Gross profit | 225.7 | 244.1 | 258.0 | 224.7 | 242.5 | 255.9 | 0.4% | 0.7% | 0.8% |
| Operating profit | 15.6 | 32.9 | 46.1 | 14.1 | 34.6 | 44.3 | 10.2% | -4.8% | 4.0% |
| Non-GAAP net profit | 30.4 | 41.9 | 48.6 | 29.1 | 43.3 | 47.2 | 4.3% | -3.1% | 3.0% |
| Gross margin | 16.1% | 16.3% | 16.4% | 16.0% | 16.2% | 16.3% | 0.1 ppt | 0.1 ppt | 0.1 ppt |
| OPM | 1.1% | 2.2% | 2.9% | 1.0% | 2.3% | 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% | 0.0 ppt | 0.0 ppt | 0.0 ppt |
| Non-GAAP net margin | 2.2% | 2.8% | 3.1% | 2.1% | 2.9% | 3.0% | 0.1 ppt | -0.1 ppt | 0.1 ppt |

Source: CMBIGM estimates

Figure 2: JD: CMBI forecast vs consensus

| RMB bn | Current | | | Consensus | | | Diff (%) | | |
|---------------------|---------|---------|---------|-----------|---------|---------|----------|---------|----------|
| | 2026E | 2027E | 2028E | 2026E | 2027E | 2028E | 2026E | 2027E | 2028E |
| Revenue | 1,403.3 | 1,499.0 | 1,574.4 | 1,391.1 | 1,476.7 | 1,553.7 | 0.9% | 1.5% | 1.3% |
| Gross profit | 225.7 | 244.1 | 258.0 | 225.4 | 240.4 | 261.3 | 0.1% | 1.5% | -1.3% |
| Operating profit | 15.6 | 32.9 | 46.1 | 14.6 | 27.3 | 38.0 | 6.9% | 20.4% | 21.1% |
| Non-GAAP net profit | 30.4 | 41.9 | 48.6 | 29.9 | 40.5 | 48.3 | 1.4% | 3.7% | 0.5% |
| Gross margin | 16.1% | 16.3% | 16.4% | 16.2% | 16.3% | 16.8% | -0.1 ppt | 0.0 ppt | -0.4 ppt |
| Non-GAAP net margin | 2.2% | 2.8% | 3.1% | 2.2% | 2.7% | 3.1% | 0.0 ppt | 0.1 ppt | 0.0 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 | 1,403 | 1,499 | 1,574 | 1,636 | 1,687 | 1,729 | 1,763 | 1,791 | 1,813 |
| NPV of FCF | 174 | | | | | | | | |
| Discounted terminal value | 188 | | | | | | | | |
| Total equity valuation | 495 | | | | | | | | |
| No. of ADS (diluted, mn) | 1,489 | | | | | | | | |
| Valuation per ADS (US\$) | 47.5 | | | | | | | | |
| TP per share (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 | 1,403,338 | 1,498,988 | 1,574,398 |
| Cost of goods sold | (924,958) | (974,951) | (1,099,057) | (1,177,686) | (1,254,903) | (1,316,439) |
| Gross profit | 159,704 | 183,868 | 210,028 | 225,651 | 244,085 | 257,959 |
| Operating expenses | (132,663) | (143,570) | (207,641) | (210,064) | (211,191) | (211,897) |
| Selling expense | (40,133) | (47,953) | (83,953) | (79,289) | (73,450) | (69,274) |
| Admin expense | (9,710) | (8,888) | (11,980) | (12,702) | (13,418) | (13,936) |
| R&D expense | (16,393) | (17,031) | (22,229) | (23,549) | (24,854) | (25,790) |
| Others | (66,427) | (69,698) | (89,479) | (94,525) | (99,468) | (102,898) |
| Operating profit | 27,041 | 40,298 | 2,387 | 15,587 | 32,894 | 46,063 |
| 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 | 35,741 | 50,622 | 61,850 |
| 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 | 32,938 | 47,819 | 59,047 |
| Income tax | 8,393 | 6,878 | 2,181 | 5,040 | 8,273 | 12,990 |
| After tax profit | 23,257 | 44,660 | 23,142 | 27,899 | 39,547 | 46,057 |
| 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 | 25,299 | 36,947 | 43,457 |
| Adjusted net profit | 35,200 | 47,827 | 27,032 | 30,351 | 41,929 | 48,587 |
| BALANCE SHEET | | | | | | |
| YE 31 Dec (RMB mn) | | | | | | |
| Current assets | 307,810 | 386,698 | 374,421 | 420,886 | 473,162 | 528,960 |
| Cash & equivalents | 71,892 | 108,350 | 137,488 | 151,344 | 193,040 | 240,404 |
| Restricted cash | 7,506 | 7,366 | 12,137 | 12,137 | 12,137 | 12,137 |
| Account receivables | 20,302 | 25,596 | 27,333 | 30,758 | 32,855 | 34,507 |
| Inventories | 68,058 | 89,326 | 95,428 | 121,963 | 129,960 | 136,333 |
| 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 | 332,701 | 342,181 | 352,349 |
| PP&E | 70,035 | 82,737 | 91,349 | 103,270 | 112,750 | 122,918 |
| 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 | 753,587 | 815,344 | 881,309 |
| Current liabilities | 265,650 | 299,521 | 306,072 | 310,199 | 324,846 | 336,609 |
| Short-term borrowings | 5,034 | 7,581 | 8,014 | 8,014 | 8,014 | 8,014 |
| Account payables | 166,167 | 192,860 | 188,379 | 190,366 | 202,847 | 212,794 |
| 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 | 117,136 | 120,251 | 123,835 |
| Long-term borrowings | 10,411 | 24,770 | 20,798 | 43,895 | 47,009 | 50,593 |
| 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 | 427,336 | 445,097 | 460,444 |
| Share capital | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital surplus | 231,858 | 239,347 | 225,040 | 232,210 | 239,259 | 246,421 |
| Retained earnings | 0 | 0 | 0 | 25,299 | 62,245 | 105,702 |
| Other reserves | 614 | 484 | 0 | 0 | 0 | 0 |
| Total shareholders equity | 232,472 | 239,831 | 225,040 | 257,508 | 301,504 | 352,123 |
| Minority interest | 63,908 | 73,466 | 68,743 | 68,743 | 68,743 | 68,743 |
| Total equity and liabilities | 628,958 | 698,234 | 695,201 | 753,587 | 815,344 | 881,309 |

| CASH FLOW | 2023A | 2024A | 2025A | 2026E | 2027E | 2028E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| YE 31 Dec (RMB mn) | | | | | | |
| Operating | | | | | | |
| Profit before taxation | 31,650 | 51,538 | 25,323 | 32,938 | 47,819 | 59,047 |
| Depreciation & amortization | 8,292 | 8,904 | 9,990 | 10,313 | 10,865 | 11,201 |
| Tax paid | (8,393) | (6,878) | (2,181) | (5,040) | (8,273) | (12,990) |
| Change in working capital | 16,547 | 5,350 | (10,986) | (28,482) | 4,066 | 3,329 |
| Others | 11,425 | (819) | (3,155) | 4,570 | 4,449 | 4,562 |
| Net cash from operations | 59,521 | 58,095 | 18,991 | 14,300 | 58,927 | 65,149 |
| Investing | | | | | | |
| Capital expenditure | (15,050) | (16,950) | (20,386) | (20,450) | (20,345) | (21,369) |
| 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 | (20,450) | (20,345) | (21,369) |
| Financing | | | | | | |
| Net borrowings | 1,562 | 13,113 | (3,539) | 23,097 | 3,115 | 3,583 |
| 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) | 23,097 | 3,115 | 3,583 |
| Net change in cash | | | | | | |
| Cash at the beginning of the year | 82,013 | 76,308 | 112,626 | 146,535 | 163,481 | 205,177 |
| Exchange difference | 125 | 98 | (186) | 0 | 0 | 0 |
| Cash at the end of the year | 76,308 | 112,626 | 146,535 | 163,481 | 205,177 | 252,541 |
| GROWTH | | | | | | |
| YE 31 Dec | | | | | | |
| Revenue | 3.7% | 6.8% | 13.0% | 7.2% | 6.8% | 5.0% |
| Gross profit | 8.6% | 15.1% | 14.2% | 7.4% | 8.2% | 5.7% |
| Operating profit | 37.1% | 49.0% | (94.1%) | 553.0% | 111.0% | 40.0% |
| EBIT | 122.5% | 57.5% | (50.5%) | 28.8% | 41.6% | 22.2% |
| Net profit | 132.8% | 71.1% | (52.5%) | 28.9% | 46.0% | 17.6% |
| Adj. net profit | 24.7% | 35.9% | (43.5%) | 12.3% | 38.1% | 15.9% |
| PROFITABILITY | | | | | | |
| YE 31 Dec | | | | | | |
| Gross profit margin | 14.7% | 15.9% | 16.0% | 16.1% | 16.3% | 16.4% |
| Operating margin | 2.5% | 3.5% | 0.2% | 1.1% | 2.2% | 2.9% |
| Adj. net profit margin | 3.2% | 4.1% | 2.1% | 2.2% | 2.8% | 3.1% |
| Return on equity (ROE) | 10.8% | 17.5% | 8.4% | 10.5% | 13.2% | 13.3% |
| GEARING/LIQUIDITY/ACTIVITIES | | | | | | |
| 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 | | | | | | |
| YE 31 Dec | | | | | | |
| P/E | 13.9 | 7.7 | 15.4 | 12.0 | 8.2 | 7.0 |
| P/E (diluted) | 14.0 | 7.9 | 16.2 | 12.5 | 8.6 | 7.3 |
| P/B | 1.4 | 1.3 | 1.3 | 1.2 | 1.0 | 0.9 |

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

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