

JD.com (JD US)

Core JD Retail earnings growth likely better than expectation

For 3Q25E, we anticipate JD.com (JD) to ink total revenue of RMB295.0bn, up 13.3% YoY, inline with Bloomberg consensus, and to report non-GAAP net profit of RMB4.4bn, down 67% YoY due to incremental investment in food delivery business, but better than consensus at RMB3.7bn. We are looking for 17% YoY growth in OP for JD Retail (JDR) in 3Q25E, and our OP forecast is 5% better than consensus, driven by solid revenue growth and OPM expansion aided by the scale effect and increase in revenue contribution from high-margin services revenue. We have baked in OP loss of RMB14.7bn for new businesses segment in 3Q25E (2Q25: loss of RMB14.8bn), among which we are looking for a slightly narrowed QoQ loss from food delivery (FD) business, aided by improvement in unit economics driven by optimization in user subsidies and improvement in operating efficiency, while offset by sequentially increased investment in other new businesses such as Jingxi. We lift 2025-2027E revenue/non-GAAP net income forecast by 0-1%/1-8% to factor in likely stronger-than-our previously expected revenue and earnings growth of core business, and narrower-than-expected loss in FD business. Our DCF-based TP is nudged up by 2% to US\$50.5. Maintain BUY.

- **Revenue growth to slow on high base, but could sustain at a healthy pace.** For 3Q25E, we are looking for 9.4% YoY growth in net product revenue (3Q24: 4.8%; 2Q25: 20.7%), aided by 3.2% YoY revenue growth in electronics and home appliances (E&HA) segment (2Q25: 23.4%), and 18.6% YoY growth in general merchandise revenue (2Q25: 16.4%).
- **Services revenue to sustain healthy growth.** We are anticipating 27.6% YoY growth (2Q25: 29.1%) in JD's net services revenue in 3Q25E, among which we project 17.3% YoY growth for marketplace and advertising revenue. The increased contribution of services revenue could help drive operating margin expansion for core business, in our view.
- **Core JDR business to deliver healthy earnings growth.** For JDR, we are looking for 10% YoY in revenue growth, and OPM of 5.5% in 3Q25, up 0.3ppts YoY, driven by expansion in GPM aided by the scale effect and increase in revenue contribution from marketplace and advertising business, and this translates into 17% YoY growth in OP for JDR in 3Q25.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,084,662	1,158,819	1,327,108	1,418,983	1,503,616
YoY growth (%)	3.7	6.8	14.5	6.9	6.0
Net profit (RMB mn)	24,167.0	41,359.0	24,175.5	36,821.4	50,303.6
Adjusted net profit (RMB mn)	35,200.0	47,827.0	29,153.2	40,561.8	54,258.4
EPS (Adjusted) (RMB)	22.17	31.07	18.96	26.37	35.28
Consensus EPS (RMB)	na	31.07	18.47	25.34	33.56
P/E (x)	15.4	8.6	14.7	9.6	7.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	US\$50.50
(Previous TP)	US\$49.40)
Up/Downside	51.9%
Current Price	US\$33.25

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Stock Data

Mkt Cap (US\$ mn)	51,138.5
Avg 3 mths t/o (US\$ mn)	148.9
52w High/Low (US\$)	45.21/30.39
Total Issued Shares (mn)	1538.0

Source: FactSet

Shareholding Structure

Max Smart Limited	9.6%
BlackRock	4.7%

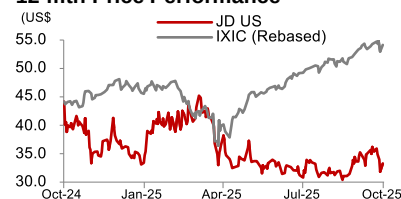
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-1.2%	-3.7%
3-mth	8.0%	-1.8%
6-mth	-12.9%	-35.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

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	1,327.1	1,419.0	1,503.6	1,322.4	1,406.6	1,483.9	0.4%	0.9%	1.3%
Gross profit	214.7	229.6	243.1	212.0	226.0	238.8	1.2%	1.6%	1.8%
Operating profit	13.8	29.5	46.9	11.5	28.7	46.2	20.1%	2.8%	1.7%
Non-GAAP net profit	29.2	40.6	54.3	27.1	39.8	53.6	7.6%	1.8%	1.3%
Gross margin	16.2%	16.2%	16.2%	16.0%	16.1%	16.1%	0.1 ppt	0.1 ppt	0.1 ppt
OPM	1.0%	2.1%	3.1%	0.9%	2.0%	3.1%	0.2 ppt	0.0 ppt	0.0 ppt
- JD Retail	4.4%	4.4%	4.5%	4.4%	4.4%	4.5%	0.1 ppt	0.1 ppt	0.1 ppt
Non-GAAP net margin	2.2%	2.9%	3.6%	2.0%	2.8%	3.6%	0.1 ppt	0.0 ppt	0.0 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	1,327.1	1,419.0	1,503.6	1,324.1	1,408.1	1,490.3	0.2%	0.8%	0.9%
Gross profit	214.7	229.6	243.1	210.6	227.0	244.3	1.9%	1.1%	-0.5%
Operating profit	13.8	29.5	46.9	9.8	27.6	43.0	41.2%	6.8%	9.2%
Non-GAAP net profit	29.2	40.6	54.3	27.8	38.8	50.0	4.8%	4.7%	8.5%
Gross margin	16.2%	16.2%	16.2%	15.9%	16.1%	16.4%	0.3 ppt	0.1 ppt	-0.2 ppt
Non-GAAP net margin	2.2%	2.9%	3.6%	2.1%	2.8%	3.4%	0.1 ppt	0.1 ppt	0.3 ppt

Source: Bloomberg, CMBIGM estimates

DCF-based target price of US\$50.5

Our target price of US\$50.5 is derived from the DCF valuation methodology (WACC of 11.8% and terminal growth of 1.5%; both unchanged).

Figure 3: JD: DCF valuation (WACC of 11.8% and terminal growth of 1.5%)

(RMBbn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total revenue	1,327	1,419	1,504	1,571	1,624	1,667	1,701	1,728	1,750	1,767
NPV of FCF	252									
Discounted terminal value	175									
Total equity valuation	567									
No. of shares (diluted, mn)	1,538									
TP per share (US\$)	50.5									

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	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	1,046,236	1,084,662	1,158,819	1,327,108	1,418,983	1,503,616
Cost of goods sold	(899,163)	(924,958)	(974,951)	(1,112,435)	(1,189,407)	(1,260,466)
Gross profit	147,073	159,704	183,868	214,673	229,576	243,149
Operating expenses	(127,350)	(132,663)	(143,570)	(201,057)	(200,077)	(196,222)
Selling expense	(37,772)	(40,133)	(47,953)	(84,404)	(79,037)	(68,715)
Admin expense	(11,053)	(9,710)	(8,888)	(11,413)	(12,061)	(12,630)
R&D expense	(16,893)	(16,393)	(17,031)	(20,172)	(21,285)	(22,254)
Others	(61,632)	(66,427)	(69,698)	(85,068)	(87,693)	(92,623)
Operating profit	19,723	27,041	40,298	13,616	29,499	46,928
Other gains/(losses)	(1,555)	7,496	13,371	14,222	14,222	14,222
Share of (losses)/profits of associates/JV	(2,195)	1,010	2,327	5,317	5,317	5,317
EBIT	15,973	35,547	55,996	33,155	49,038	66,467
Interest income	(2,106)	(2,881)	(2,896)	(2,496)	(2,496)	(2,496)
Others	0	(1,016)	(1,562)	224	0	0
Pre-tax profit	13,867	31,650	51,538	30,883	46,542	63,971
Income tax	4,176	8,393	6,878	4,107	7,121	11,067
After tax profit	9,691	23,257	44,660	26,775	39,421	52,904
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	24,175	36,821	50,304
Adjusted net profit	28,220	35,200	47,827	29,153	40,562	54,258

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	351,074	307,810	386,698	450,401	503,094	571,299
Cash & equivalents	78,861	71,892	108,350	167,144	211,250	271,315
Restricted cash	6,254	7,506	7,366	7,366	7,366	7,366
Account receivables	20,576	20,302	25,596	29,087	31,101	32,956
Inventories	77,949	68,058	89,326	89,789	96,002	101,737
Prepayment	15,156	15,639	15,951	15,951	15,951	15,951
Other current assets	152,278	124,413	140,109	141,064	141,424	141,975
Non-current assets	244,176	321,148	311,536	322,201	331,978	340,843
PP&E	55,080	70,035	82,737	93,402	103,179	112,044
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	772,602	835,072	912,143
Current liabilities	266,561	265,650	299,521	319,779	335,665	351,363
Short-term borrowings	12,146	5,034	7,581	7,581	7,581	7,581
Account payables	160,607	166,167	192,860	204,828	219,000	232,084
Tax payable	5,926	7,313	9,487	9,487	9,487	9,487
Other current liabilities	37,624	35,848	36,002	44,292	46,005	48,620
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	112,339	115,757	120,260
Long-term borrowings	10,224	10,411	24,770	51,693	55,111	59,614
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	432,118	451,422	471,623
Share capital	0	0	0	0	0	0
Capital surplus	213,366	231,858	239,347	245,230	251,574	258,140
Retained earnings	0	0	0	24,175	60,997	111,300
Other reserves	590	614	484	(2,387)	(2,387)	(2,387)
Total shareholders equity	213,956	232,472	239,831	267,018	310,184	367,054
Minority interest	60,167	63,908	73,466	73,466	73,466	73,466
Total equity and liabilities	595,250	628,958	698,234	772,602	835,072	912,143

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	13,867	31,650	51,538	30,883	46,542	63,971
Depreciation & amortization	7,236	8,292	8,904	10,002	10,901	11,543
Tax paid	(4,176)	(8,393)	(6,878)	(4,107)	(7,121)	(11,067)
Change in working capital	22,119	16,547	5,350	15,349	7,299	7,558
Others	18,773	11,425	(819)	3,501	3,745	3,966
Net cash from operations	57,819	59,521	58,095	55,628	61,366	75,970
Investing						
Capital expenditure	(38,165)	(15,050)	(16,950)	(20,667)	(20,678)	(20,408)
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)	(20,667)	(20,678)	(20,408)
Financing						
Net borrowings	7,027	1,562	13,113	26,923	3,418	4,503
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)	26,923	3,418	4,503
Net change in cash						
Cash at the beginning of the year	73,550	82,013	76,308	112,626	174,510	218,616
Exchange difference	3,490	125	98	0	0	0
Cash at the end of the year	82,013	76,308	112,626	174,510	218,616	278,681
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	9.9%	3.7%	6.8%	14.5%	6.9%	6.0%
Gross profit	14.0%	8.6%	15.1%	16.8%	6.9%	5.9%
Operating profit	376.3%	37.1%	49.0%	(66.2%)	116.7%	59.1%
EBIT	na	122.5%	57.5%	(40.8%)	47.9%	35.5%
Net profit	na	132.8%	71.1%	(41.5%)	52.3%	36.6%
Adj. net profit	64.0%	24.7%	35.9%	(39.0%)	39.1%	33.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	14.1%	14.7%	15.9%	16.2%	16.2%	16.2%
Operating margin	1.9%	2.5%	3.5%	1.0%	2.1%	3.1%
Adj. net profit margin	2.7%	3.2%	4.1%	2.2%	2.9%	3.6%
Return on equity (ROE)	4.9%	10.8%	17.5%	9.5%	12.8%	14.9%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	(0.3)	(0.2)	(0.3)	(0.4)	(0.5)	(0.6)
Current ratio (x)	1.3	1.2	1.3	1.4	1.5	1.6
Receivable turnover days	5.7	6.9	7.2	7.5	7.7	7.8
Inventory turnover days	(31.2)	(28.8)	(29.5)	(29.4)	(28.5)	(28.6)
Payable turnover days	(61.1)	(64.5)	(67.2)	(65.2)	(65.0)	(65.3)
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	35.7	15.4	8.6	14.7	9.6	7.0
P/E (diluted)	36.3	15.6	8.8	15.1	9.9	7.3
P/B	1.7	1.6	1.5	1.3	1.1	1.0

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

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